

4/11/77 [3]

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FORM OF DOCUMENT	CORRESPONDENTS OR TITLE	DATE	RESTRICTION
memo	From Stu Eizenstat and Brzezinski to The President (2 pp.) re: Concorde at JFK Airport <i>OPENED 1/18/73</i>	4/8/77	A

FILE LOCATION

Carter Presidential Papers- Staff Offices, Office of the Staff Sec. -Presidential Handwriting File 4/11/77 [3]

RESTRICTION CODES

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- (B) Closed by statute or by the agency which originated the document.
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THE WHITE HOUSE
WASHINGTON

April 11, 1977

The Vice President
Midge Costanza
Stu Eizenstat
Hamilton Jordan
Bob Lipshutz
Frank Moore
Jody Powell
Jack Watson

The attached was returned in the President's
outbox and is forwarded to you for your
information.

Rick Hutcheson

Re: Outline of Plans for Zero-Base
Budgeting in the Federal Government

THE WHITE HOUSE
WASHINGTON

ACTION	FYI
--------	-----

MONDALE
COSTANZA
EIZENSTAT
JORDAN
LIPSHUTZ
MOORE
POWELL
WATSON

ENROLLED BILL
AGENCY REPORT
CAB DECISION
EXECUTIVE ORDER

Comments due to
Carp/Huron within
48 hours; due to
Staff Secretary
next day

FOR STAFFING
FOR INFORMATION
FROM PRESIDENT'S OUTBOX
LOG IN/TO PRESIDENT TODAY
IMMEDIATE TURNAROUND

ARAGON
BOURNE
BRZEZINSKI
BUTLER
CARP
H. CARTER
CLOUGH
FALLOWS
FIRST LADY
GAMMILL
HARDEN
HOYT
HUTCHESON
JAGODA
KING

KRAFT
LANCE
LINDER
MITCHELL
POSTON
PRESS
B. RAINWATER
SCHLESINGER
SCHNEIDERS
SCHULTZE
SIEGEL
SMITH
STRAUSS
WELLS
VOORDE

10:00 a.m.

THE [REDACTED] WAS SEEN.

4/7/77

OUTLINE OF PLANS FOR
ZERO-BASE BUDGETING
IN THE FEDERAL GOVERNMENT

Purpose -- To review ZBB plans and obtain President's approval or suggestions.

What we plan to do and when

- Require use of ZBB for preparation of entire 1979 budget by all Executive agencies. (Instructions ready.)
- Provide guidelines to agencies for their use in preparing their own systems. (Instructions ready.)
- Work with agencies to get desirable ZBB system and to determine appropriate decision packages for fall budget submissions (from now through summer).
- Recommend to President and obtain decisions (May 23 to June 8) on:
 - ° 1979 and 1980 budget ceilings for each major agency, and
 - ° major issues on which reports are expected to be submitted in the fall.
- Inform agencies of President's decisions and views, indicating that agency is expected to provide ranked ZBB recommendations within budget ceilings (June).
- Provide agencies with instructions and formats for ZBB fall submissions (June).
- Obtain ZBB packages from agencies (September).

Proposed instructions to agencies

1. Develop process for systematic consideration of all budget programs.
 - Top managers to set objectives and give guidance.
 - All program managers to be involved in:
 - ° setting detailed objectives;
 - ° justifying resource needs based on evaluation of accomplishment;
 - ° assessing alternatives to accomplish objectives.

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2. Prepare decision packages at appropriate levels, identifying:
 - Minimum feasible level and probable effect of elimination of the program.
 - Current program level.
 - Other levels above or below current level, as appropriate.
3. Prepare decision packages for fund levels that differ from current level whenever there is discretion over fund levels or way program is performed.
 - Discretion can be applied to mandatory programs by proposing legislative or other changes (e.g., administrative rules).
 - Alternatives may not be appropriate for some entitlement programs (e.g., existing housing payments).
4. Consolidate decision packages as ZBB review takes place at higher levels:
 - To recast or reinterpret information to focus on significant matters from differing perspective.
 - To avoid excessive paperwork and review.
5. Rank decision packages at each review level with agency-wide rankings submitted to OMB.
6. Use as format of decision package (the basic review document) the following:
 - Activity description.
 - Resource requirements (obligations, outlays, personnel).
 - Short-term objective.
 - Impact on major objectives.
 - Other information (e.g., legislation required).

Accomplishments to date

- Agencies have reviewed and commented on initial instructions.
- Agencies now working to develop their own systems and to train in fundamentals.
- Evidence of constructive attitudes ("We will make it work.").

THE WHITE HOUSE
WASHINGTON

April 11, 1977

Hugh Carter

The attached was returned in the President's
outbox.

Please send out memorandum to appropriate
staffers on the policy. Thanks.

Rick Hutcheson

cc: Bob Lipshutz

Re: Brooks Committee Request for Executive
Office Policy on Military Aircraft Use

THE WHITE HOUSE
WASHINGTON

*Note to
high: please
send out memo to
appropriate staff as
the policy. Thanks
B.L.*

ACTION	FYI
<input type="checkbox"/>	MONDALE
<input type="checkbox"/>	COSTANZA
<input type="checkbox"/>	EIZENSTAT
<input type="checkbox"/>	JORDAN
<input checked="" type="checkbox"/>	LIPSHUTZ
<input type="checkbox"/>	MOORE
<input type="checkbox"/>	POWELL
<input type="checkbox"/>	WATSON

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<input type="checkbox"/>	FOR STAFFING
<input type="checkbox"/>	FOR INFORMATION
<input checked="" type="checkbox"/>	FROM PRESIDENT'S OUTBOX
<input type="checkbox"/>	LOG IN/TO PRESIDENT TODAY
<input type="checkbox"/>	IMMEDIATE TURNAROUND

<input type="checkbox"/>	ARAGON
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<input type="checkbox"/>	BRZEZINSKI
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<input type="checkbox"/>	CARP
<input checked="" type="checkbox"/>	H. CARTER
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<input type="checkbox"/>	FALLOWS
<input type="checkbox"/>	FIRST LADY
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<input type="checkbox"/>	POSTON
<input type="checkbox"/>	PRESS
<input type="checkbox"/>	B. RAINWATER
<input type="checkbox"/>	SCHLESINGER
<input type="checkbox"/>	SCHNEIDERS
<input type="checkbox"/>	SCHULTZE
<input type="checkbox"/>	SIEGEL
<input type="checkbox"/>	SMITH
<input type="checkbox"/>	STRAUSS
<input type="checkbox"/>	WELLS
<input type="checkbox"/>	VOORDE

THE WHITE HOUSE

WASHINGTON

April 8, 1977

THE PRESIDENT HAS SEEN.

MEMORANDUM FOR THE PRESIDENT

FROM: HUGH CARTER *HC*

SUBJECT: Brooks Committee Request for Executive Office
Policy on Military Aircraft Use (Per Your Request)

Attached at Tab A is the proposed policy for the use of military aircraft by the Executive Office. The basic principle of this policy is that such aircraft will be used for official purposes, and any unofficial passengers will ride only on a reimbursable basis. Bob Lipshutz, Doug Huron, Mike Berman, Margaret McKenna and Herb Upton have all worked with me on a committee to formulate this proposal. Jody Powell and Ham Jordan have also had input.

You should be aware that in regard to paragraph 8 of the policy, that you do have the legal right to invite people not on official business to travel with you on Air Force One. Although there would be no tax consequence to you, we recommend that such invitees pay their own way in order to keep the policy consistent.

The Brooks Committee also asked for copies of all support and Air Force One manifests. We recommend that we provide these to them every six months (and make public at the same time) subject to the following restrictions (also to be made public):

1. Manifests would not include medical, secret service, WHCA or military aide. This is for security purposes.
2. We would reserve the right to not release manifests for missions of a sensitive nature nor the names of passengers of a sensitive nature.

A sample of what the manifest would look like is included under Tab B.

By providing this information, we are doing something no Administration in the past has done and is in keeping with our general policy of being as open as practical.

If you approve, I will prepare this data in the necessary format for forwarding to the Brooks Committee.



APPROVE

DISAPPROVE - Let's discuss



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THE WHITE HOUSE
WASHINGTON

ACTION	FYI
<input checked="" type="checkbox"/>	MONDALE
<input type="checkbox"/>	COSTANZA
<input checked="" type="checkbox"/>	EIZENSTAT
<input checked="" type="checkbox"/>	JORDAN
<input checked="" type="checkbox"/>	LIPSHUTZ
<input checked="" type="checkbox"/>	MOORE
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<input type="checkbox"/>	SIEGEL
<input type="checkbox"/>	SMITH
<input type="checkbox"/>	STRAUSS
<input type="checkbox"/>	WELLS
<input type="checkbox"/>	VOORDE

Use of Military Passenger Aircraft by
the Executive Office

1. Military passenger aircraft may be used by the President and Vice President on a need basis as required by the duties of the office. Presidential and Vice Presidential travel, other than for political purposes, is official and need not be reimbursed. This will include travel by the First Family when in the company of the President and the Vice President's family when in his company, or when travelling separately on official business. Staff that is necessary for assisting the President or Vice President in carrying out the duties of office will also travel aboard such aircraft on a non-reimbursable basis.
2. The remainder of the Executive Office may use military aircraft only when use of commercial aircraft is not feasible or at such times as a specific situation might dictate that it is in the government's best interest.
3. Military aircraft may be used by special designees of the President when on official business. This would include humanitarian situations and situations involving the security and well being of the Nation.
4. Military aircraft may be used for transportation of foreign heads of government and high-ranking dignitaries as deemed appropriate by the President.
5. Appropriate reimbursement will be made for use of military aircraft for political purposes.
6. Military aircraft will be used for travel by individuals on non-official business on a reimbursable basis only. This will include First Family and Vice President's family not on official business and not in the company of the President or Vice President.
7. Under the Presidential Transition Act of 1963, military aircraft may be used in order to promote the orderly transfer of executive power for a period of six months after leaving office. Subsequent to the transition period, a former President or member of a former First Family may be furnished military aircraft, and the President may authorize the use, as provided for in paragraph 3 or when properly authorized by the Treasury Secretary subject to all provisions herein.

8. Other Presidential and Vice Presidential designees not on official business may travel on military aircraft only on a reimbursable basis.

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MANIFEST

E1A AIR FORCE ONE

Andrews AFB, MD to Robins AFB, GA

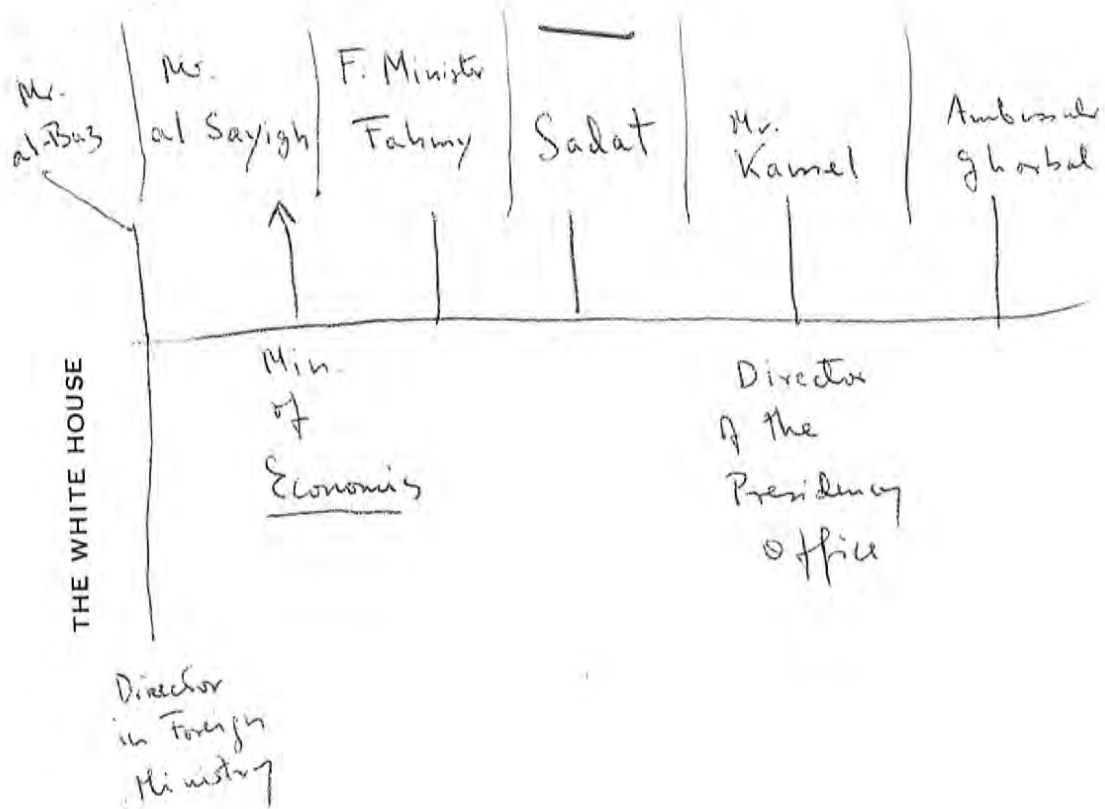
Dep. 1546 Arv. 1730 1+46 603 SM

11 February 1977

1.	The President	
2.	Mrs. Carter	
3.	Amy Carter	
4.	Caron Carter	
5.	Jeff Carter	
6.	Annette Carter	
7.	Senator Sam Nunn	
8.	Jody Powell	Press Secretary
9.	Jack Watson	Assistant to the President
10.	Fran Voorde	Presidential Scheduling
11.	Barbara Heinebeck	Media Advance for First Lady
12.	Mary Fitzpatrick	First Lady's Staff
*13.	Fran Lewine	AP
*14.	Helen Thomas	UPI
*15.	Frank Van Riper	NY Daily News
*16.	Hal Walker	CBS
*17.	Charles Tasnadi	AP Photo
*18.	Dennis Cook	UPI Photo
*19.	Cal Marlin	CBS Film Crew
*20.	George Christian	CBS Film Crew
*21.	Glenn Bowman	Radio Engineer

NOT INCLUDED: USSS, WHCA, Military Aide, Medical

*Reimbursable



THE WHITE HOUSE

WASHINGTON

Date: April 9, 1977

MEMORANDUM

FOR ACTION:

FOR INFORMATION:

Vice President	Jack Watson
Stu Eizenstat	Z, Brzezinski
Hamilton Jordan	Richard Harden
Bob Lipshutz	Tim Kraft
Frank Moore	
Jody Powell	

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Brooks Committee Request for Executive Office Policy on
Military Aircraft Use

YOUR RESPONSE MUST BE DELIVERED
TO THE STAFF SECRETARY BY:

TIME:

DAY: NO RESPONSE NEEDED

DATE:

ACTION REQUESTED:

____ Your comments

Other: FYI

STAFF RESPONSE:

____ I concur.

____ No comment.

Please note other comments below:

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately. (Telephone, 7052)

THE WHITE HOUSE
WASHINGTON

April 11, 1977

Hugh Carter -

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.

Rick Hutcheson

Re: Weekly Mail Report

THE WHITE HOUSE
WASHINGTON

ACTION	FYI
	MONDALE
	COSTANZA
	EIZENSTAT
	JORDAN
	LIPSHUTZ
	MOORE
	POWELL
	WATSON

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER
	Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day

	FOR STAFFING
	FOR INFORMATION
<input checked="" type="checkbox"/>	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

	ARAGON
	BOURNE
	BRZEZINSKI
	BUTLER
	CARP
<input checked="" type="checkbox"/>	H. CARTER
	CLOUGH
	FALLOWS
	FIRST LADY
	GAMMILL
	HARDEN
	HOYT
	HUTCHESON
	JAGODA
	KING

	KRAFT
	LANCE
	LINDER
	MITCHELL
	POSTON
	PRESS
	B. RAINWATER
	SCHLESINGER
	SCHNEIDERS
	SCHULTZE
	SIEGEL
	SMITH
	STRAUSS
	WELLS
	VOORDE

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

April 9, 1977

9

MEMORANDUM FOR THE PRESIDENT

FROM: HUGH CARTER *HC*

SUBJECT: Weekly Mail Report (Per Your Request)

Below are statistics on the mail situation:

<u>Incoming</u>	<u>Week Ending 4/2</u>	<u>Week Ending 4/9</u>
Presidential	89,225	72,976 ↘
First Lady	2,762	2,706 ↗
Amy	695	2,403 ↗
<u>Other First Family</u>	<u>116</u>	<u>148</u> →
Total	92,798	78,233 ↘

<u>Backlog</u>	<u>Week Ending 4/2</u>	<u>Week Ending 4/9</u>
Presidential	36,300	16,900 ↘
First Lady	2,000	2,000 ↗
Amy	6,000	4,000 ↗
Miss Lillian	1,600	1,600 ↗
<u>Transition</u>	<u>30,000</u>	<u>20,000</u> ↘
Total	75,900	44,500

DISTRIBUTION OF PRESIDENTIAL MAIL ANALYZED

	<u>Week Ending 4/2</u>	<u>Week Ending 4/9</u>
Agency Referrals	60%	62%
WH Correspondence	15%	17%
Direct File	5%	8%
White House Staff	15%	9%
<u>Other</u>	<u>5%</u>	<u>4%</u>
Total	100%	100%

See Notes on following page

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NOTES: Mail - Week Ending 4/9/77

1. Overall backlog was reduced by 31,400. The current 44,500 backlog is equal to less than about three days of incoming mail.
2. Incoming receipts of Presidential and First Family mail for the week totaled 78,233.
3. Detaillees working on mail averaged just under 60, and will be reduced further each week.
4. The Press Office scheduled visits to the mail units for NBC television and Westinghouse Broadcasting. The Washington Star also interviewed on the subject. The result of these interviews will probably be released during the middle of next week.
5. A Tally of writers positions on key issues is attached.



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MAJOR ISSUES IN
CURRENT PRESIDENTIAL ADULT MAIL
Week Ending 4/9

<u>Issue</u>	<u>Pro</u>	<u>Con</u>	<u>Comment Only</u>	<u>Number of Letters</u>
Aid to Soviet Jews/ Human Rights Stand	100%	--	--	510
Energy Saving Suggestions	--	--	100%	1309
Water Project Cuts by President	62%	38%	--	1080
Common Situs Picketing Bill	3%	97%	--	38
Restrict Imports from Coming into U.S.	100%	--	--	1263
Continue the use of Saccharin	96%	4%	--	722
Use of Off-road vehicles on Public Land	97%	3%	--	5711
Economic Problems/ Social Security Complaints	--	--	100%	1494
Proposed raise in Minimum Wage	28%	72%*	--	415
Deregulation of Airlines	9%	91%	--	448
Curtailement of Breeder Reactor	19%	79%	2%	311
Retain Panama Canal (3 days)	100%	--	--	<u>307</u>
				13,608

*Heavily Small Business

THE WHITE HOUSE
WASHINGTON

April 11, 1977

Jerry Rafshoon
Tim Kraft
Jody Powell
Bob Lipshutz

The attached was returned in the President's
outbox and is forwarded to you for your
information and appropriate action.

Rick Hutcheson

Re: Record Album of the 1977 Inaugural Concert

THE WHITE HOUSE
WASHINGTON

G: Tim Kraft
Terry Rafshoon
Tody Powell
Lipshutz



ek
C
/

THE PRESIDENT HAS SEEN.

TO: President Carter

FROM: Gerald M. Rafshoon

DATE: April 4, 1977

RE: CBS Recording of the Inaugural Gala Concert

The record album of the 1977 Inaugural Concert is almost completed. CBS is planning two (2) editions, a deluxe version to be offered through direct mail and Sunday supplements in Atlanta, New York and Washington. The regular edition will be in almost all the record stores in the country.

CBS is very optimistic about the potential profits, all of which will be donated to the National Endowment for the Arts in the name of the 1977 Inaugural Committee.

The first Sunday supplement ad will be May 8th and the direct mail appeal will have already been mailed. CBS has requested a meeting at the White House just prior to the release for a presentation of the album to you. The people to attend will be:

Walter Yetnikoff
Bruce Lundval
Micheal Tannen
James Lipton

President of CBS Records Group
CBS Records
Inaugural Committee Agent with CBS Records
Executive Producer of Inaugural Concert

GMR/mlp

cc: Tim Kraft
Jody Powell
Barry Jagoda

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for Preservation Purposes**

84/12/77

THE WHITE HOUSE
WASHINGTON

April 11, 1977

MEMORANDUM FOR:

THE PRESIDENT

FROM:

STUART EIZENSTAT *SE*

SUBJECT:

Enrolled Bill HR 4800
Emergency Unemployment
Compensation Act of 1977

You must decide whether to sign this bill by April 16, 1977. However, the earliest possible approval is recommended since authority to pay benefits expired March 31, 1977.

The Bill

1. Extends the Federal Supplemental Unemployment Benefits (FSUB) Program (which provides federally funded unemployment benefits to those out of work longer than 39 weeks) through October 31, 1977 with a three month phase-out to follow. This is two months less than we had proposed. *good*
2. Provides that persons enrolled in the program must accept "suitable work" defined as a job paying more than the minimum wage and more than the individual would have received on unemployment.
3. Provides for general revenue financing of FSUB paid after March 31, 1977. The Administration had proposed that the current system of financing via employer taxes and repayable advances to the states be retained.

The bill as passed is \$220 million below our 1977 and 1978 budget outlay forecasts. However it will add \$680 million to long term budget costs over the next decade as a result of the general revenue financing provisions.

There is also a rider attached to the bill which will force Congress to vote affirmatively on future pay raises for Congress, judges and high level officials. *good*

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Votes in Congress

House 406 - 2
Senate Voice Vote

Arguments For Signing

This bill is less costly than the Administration proposal,
but parallels our recommendation closely.

Arguments For Veto

No significant arguments have been raised.

Agency and Staff Recommendations

All agencies either recommend signature or have no comment.
Frank Moore concurs. Other senior staff have no comment.

I recommend you sign this bill as soon as possible.

THE WHITE HOUSE
WASHINGTON

April 11, 1977

Jody Powell
Barry Jagoda
Tim Kraft

The attached was returned in the President's
outbox and is forwarded to you for your
information and appropriate action.

Rick Hutcheson

Re: "Day in the Life" NBC plans to inter-cut

THE WHITE HOUSE
WASHINGTON

April 7, 1977

MR. PRESIDENT

In Tim's absence, my comments are that he would probably point out the close proximity of this day to the deadlines for the energy, water projects and other decisions and would recommend the short option.

TIM SMITH

THE WHITE HOUSE
WASHINGTON

ACTION	FYI		
		MONDALE	ENROLLED BILL
		COSTANZA	AGENCY REPORT
		EIZENSTAT	CAB DECISION
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		LIPSHUTZ	Comments due to
		MOORE	Carp/Huron within
		POWELL	48 hours; due to
		WATSON	Staff Secretary
			next day

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	FIRST LADY		SCHNEIDERS
	GAMMILL		SCHULTZE
	HARDEN		SIEGEL
	HOYT		SMITH
	HUTCHESON		STRAUSS
X	JAGODA		WELLS
	KING		VOORDE

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

April 7, 1977

MEMORANDUM FOR THE PRESIDENT

FROM:

JODY POWELL *J.P.*
BARRY JAGODA *B.J.*

NBC plans to inter-cut the "Day in the Life" with the Presidential interview to which we have previously agreed. The day will be divided into 4 or 5 parts and you will be asked questions after each segment.

There will be about 40 minutes of "day highlights", 10 minutes of interview, and 10 minutes of non-program material.

The most effective way to handle this interview is for NBC to set-up a tv set in the residence library, for Chancellor and you to sit next to the set and for the segments to be played for the two of you to view, followed by Chancellor's questions and your answers. The questions would pertain to the segment that you had just seen. This whole process would require one hour of your time.

A less time-consuming method would be for a summary of each section to be prepared for you and for Chancellor and you to have a series of questions and answers which they would later edit-in. That would take about half-an hour.

The time is next Thursday morning.

#

Use the full hour, because my answers would probably be better if I saw the segment in question _____

I'll do fine with the summary, use the half-hour only ✓

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for Preservation Purposes**

J.C.

THE WHITE HOUSE
WASHINGTON

April 11, 1977

Stu Eizenstat-

The attached was returned in
the President's outbox. It is
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handling.

Rick Hutcheson

Re: Status of Arab Boycott
Legislation

THE PRESIDENT HAS SEEN.

ok
J

THE WHITE HOUSE

WASHINGTON

April 7, 1977

MEMORANDUM FOR:

THE PRESIDENT

FROM:

STU EIZENSTAT *Stu*

SUBJECT:

Status of Arab Boycott
Legislation

Several weeks ago, I began to work with the State and Commerce Departments on the Arab boycott bill to develop a coordinated Administration position. The position that was developed, and agreed to by Secretaries Vance and Kreps (as well as by Bob Lipshutz), fell between the positions taken by the Jewish community (represented by the Anti-Defamation League) and the business community (the Business Roundtable). (The League and the Roundtable had earlier agreed on a Statement of Principles for a boycott bill, but they were subsequently unable to agree on specific language for the major provisions, effectively making their Statement meaningless.)

Our position was to support strongly the pending anti-boycott bills, but to seek certain exceptions in order to permit Arab-American trade to continue and to keep Arab-American diplomatic relations reasonably sound. That position was not, of course, totally acceptable to either the Jewish community or the business community.

Yesterday, the Senate Banking Committee approved a bill essentially accepting the Administration's position. Last week, the House International Relations Committee did the same, though its version is somewhat closer to the Jewish community's position than is the Senate's. Unless there are changes on the floor, the differences will be resolved in a few weeks in a conference committee.

During the campaign you strongly supported, though in general terms, legislation to end American participation in the Arab boycott. Bob Lipshutz and I worked with Secretaries Vance and Kreps to reflect that tough stance in their testimony. The common position they presented in their testimony on the pending bills prohibited each of the following actions:

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(1) Discrimination by one American against another for reasons required by a foreign boycott.

(2) Responses to boycott-related requests for information made by boycotting countries.

(3) Boycotting by an American company of another American company on a foreign "blacklist".

(4) Selection by an American company of the products of a non-blacklisted company over those of a blacklisted company because of boycotted-related reasons.

(5) Negative certificates of origin. (These certificates, which some Arab countries have required, in order to permit goods to be imported, state that the goods have not been produced in Israel.)

These prohibitions alone would effectively bar all American participation in the Arab boycott. However, even the most ardent advocates of anti-boycott legislation have recognized that a complete bar on American participation would greatly disrupt Arab-American business and diplomatic relations, and they have accordingly supported two major exceptions. Defining the scope of these two exceptions has recently been the main source of the disagreements over the legislation's contents.

The first exception concerns the extent to which Americans residing in a boycotting country are allowed to comply with the local laws in that country, including import laws. If resident Americans are not allowed to comply at all, they would either be unable to transact any business or be able to do so only at the risk of foreign criminal sanctions. Our position would allow an unqualified exception for local law compliance: Americans residing in Saudi Arabia, for instance, would be allowed to obey any Saudi laws associated with the boycott. Only such an exception would give Americans resident in boycotting countries the type of certainty required to conduct business there; any more restrictive requirement (aside from disrupting Arab-American relations) would probably force many American companies to leave Arab countries (or to at least greatly reduce the business conducted there).

The Jewish community has argued that an unqualified exception allows American corporations in boycotting countries to operate as if no anti-boycott bill was enacted; and that would violate the spirit and purpose of such a bill. They therefore favored limiting local law compliance to activities exclusively within a boycotting country. Our position was that such a limitation would completely hamstring American companies operating in Arab countries, for they would be unable to comply with the critical import requirements.

On this point, the House and Senate Committees compromised; they adopted language which will permit virtually unqualified local law compliance, but will require the Administration to draft regulations actually detailing the situations permitting such compliance.

The second exception to the prohibitions concerns the extent to which American companies in the U.S. can comply with a request from a purchasing company in a boycotting country to include specific component parts in its products. This type of request, known as a unilateral selection, would be made by a purchaser to ensure that the product could legally be imported into the boycotting country. (A car made by a non-blacklisted company could not be imported unless its tires, sparkplugs, pistons, etc. were also made by companies not on the blacklist.)

Our position favored unqualified unilateral selection. That would allow American companies to comply with component part selections by boycotting country purchasers, but it would not force American companies to make the decision on their own to include certain non-blacklisted component parts. The Jewish groups, as well as the most ardent supporters of anti-boycott legislation (Senator Proxmire and Congressmen Rosenthal, Bingham and Solarz) wanted to limit unilateral selection to situations where the American companies knew or had reason to know that the sole purpose of the unilateral selection was to comply with the boycott requirements. Secretaries Vance and Kreps, and Bob and I, thought that such a test would completely eliminate the unilateral selection exception, for American businessmen would, in reality, almost always have some reason to know the purpose of the unilateral selection was boycott-related.

The House Committee adopted language permitting unilateral selection only if the American company did not have actual knowledge that the sole purpose of the designation was boycott-related. We suggested this language as a compromise, for though it does not have the simplicity and certainty of the unqualified exception it does at least provide a more restrictive test for American businesses than "reason to know". Our compromise suggestion was intended only to resolve the impasse in the House Committee, and not to change our basic position on unilateral selection. That unqualified position was essentially adopted by the Senate Committee.

I will keep you fully informed.

THE WHITE HOUSE
WASHINGTON

April 8, 1977

The Vice PResident
Hamilton Jordan
Bob Lipshutz
Frank Moore
Jody Powell
Jack Watson

The attached is forwarded to you
for your information.

Rick Hutcheson

Re: Status of Arab Boycott Leg.

EYES ONLY

THE WHITE HOUSE
WASHINGTON

April 11, 1977

The Vice President
Midge Costanza
Stu Eizenstat
Ham Jordan
Bob Lipshutz
Frank Moore
Jody Powell
Jack Watson
Charlie Schultze

The attached was returned in the President's
outbox and is forwarded to you for your
personal information and appropriate action.

Rick Hutcheson

Re: Domestic Policy Staff Weekly Status
Report

THE WHITE HOUSE
WASHINGTON

ACTION
FYI

<input checked="" type="checkbox"/>	MONDALE
<input checked="" type="checkbox"/>	COSTANZA
<input checked="" type="checkbox"/>	EIZENSTAT
<input checked="" type="checkbox"/>	JORDAN
<input checked="" type="checkbox"/>	LIPSHUTZ
<input checked="" type="checkbox"/>	MOORE
<input checked="" type="checkbox"/>	POWELL
<input checked="" type="checkbox"/>	WATSON

<input type="checkbox"/>	ENROLLED BILL
<input type="checkbox"/>	AGENCY REPORT
<input type="checkbox"/>	CAB DECISION
<input type="checkbox"/>	EXECUTIVE ORDER

Comments due to
Carp/Huron within
48 hours; due to
Staff Secretary
next day

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<input checked="" type="checkbox"/>	FROM PRESIDENT'S OUTBOX
<input type="checkbox"/>	LOG IN/TO PRESIDENT TODAY
<input type="checkbox"/>	IMMEDIATE TURNAROUND

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EYES ONLY

THE WHITE HOUSE
WASHINGTON

April 11, 1977

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Midge Costanza
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Rick Hutcheson

Re: Domestic Policy Staff Weekly Status
Report

THE WHITE HOUSE
WASHINGTON

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THE WHITE HOUSE
WASHINGTON

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April 8, 1977

MEMORANDUM FOR: THE PRESIDENT
FROM: STU EIZENSTAT *SE*
SUBJECT: Domestic Policy Staff Weekly Status Report

AGRICULTURE

Sugar: EPG narrowed the options at Monday (4/4) meeting. Evaluation of ITC report by STR is continuing. Negotiations for international agreement to begin April 18.

Farm Bill: Mark-up is underway in both Houses. The House is using the Administration draft (with higher support levels) and the Senate is using the Talmadge bill.

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HUMAN RESOURCES

Social Security Financing: The Administration proposals are scheduled to be announced the week of May 1. A decision memo to you week of April 25th.

Hospital Cost Containment: Legislation now scheduled to reach the Hill by April 18.

Health Message: Scheduled to be delivered to Hill April 18.

Comprehensive Health Assessment and Primary Group for Children (CHAPS): Legislation is scheduled to reach the Hill on April 18.

Recombinant DNA: Legislation was introduced last Friday. At suggestion of our staff, HEW made numerous revisions.

Welfare Reform: Weekly briefings by HEW to begin on welfare reform alternative April 11.

Veterans: We will be meeting with the Administrator of the VA to review his plans for a legislative program.

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Human Services Delivery: We will be working with Bill Milliken on how to implement his demonstration program on integrated human services delivery.

Food Stamps: Bergland's testimony before House Agriculture Committee on Tuesday (4/5) went very well. He testified before Senate committee yesterday. We will be working with USDA to ensure that Administration proposal is not substantially changed.

Department of Education Reorganization: Task force begins work next week.

HEW FY 78 Legislation Package: Package and accompanying message is due to OMB very soon. We will follow new programs and proposed revisions in basic grants program.

CIVIL RIGHTS AND JUSTICE

Legislative Proposals: DOJ is working on special prosecutor legislation, grand jury reform, considering handgun legislation, revision of criminal code and increasing the authority of U. S. magistrates.

Undocumented Aliens: Task Force continues to meet. Will draft memorandum for second meeting between the Attorney General and Secretaries of Labor, HEW and State.

Equal Employment Reorganization: Continue meeting with task force.

Victims of Crime: Justice is preparing testimony on H.R. 3686. It is due at OMB on April 12.

Wiretapping: Justice is working on legislation. They may have it prepared by April 15.

Fair Housing: Memo on current developments in the law with possible proposals for reform on enforcement polices due April 13.

Law Enforcement Assistance Administration: On April 19 the House will consider a Holtzman amendment to restore the Budget Committee's \$200 million cut in LEAA funds.

ENERGY AND NATURAL RESOURCES

Tuna/porpoise: Participating in negotiations between industry and environmentalists to resolve dispute and reach consensus on amendments to Act.

Environmental Message: Working with CEQ and speech writers to improve current draft, decision memo to you by April 22.

April 20 Energy Message: Coordinating with Schlesinger and staff.

Clean Air Act: Coordinating with EPA, CEA, OMB and CEQ.

Water Projects: Monitoring reviews by Corps Interior, CEQ and OMB; decision memo to you by early next week.

ECONOMICS AND BUSINESS

Arab Boycott: Memo to you today on the status of Arab boycott legislation.

Corporate Bribery Legislation: We are working with appropriate agencies on this legislation.

Trade Adjustment Assistance: We will work closely with Commerce, Labor and STR to meet your commitment in the shoe case to improve this program and recommend new legislation, if necessary.

CIA Use of Econometric Models: At your request, a memorandum will be in to you today.

Inflation Statement: We are working with CEA and other agencies on Presidential statement. Draft to you by April 11.

HOUSING AND URBAN AFFAIRS

Financial Institutional Reform: Memo for interagency task force in to you by April 15.

Housing Finance Package: Memo for interagency task force in to you by week of April 15.

Urban Policy Interagency Task Force: Agenda under review, first meeting week of April 11.

New York City Financing: Developing long-term options.

White House Conference on Neighborhoods: Reinvestment strategies. Meeting with HUD and various neighborhood interest groups to prepare preliminary outline for scope of Conference.

Community Reinvestment Act (S.406): Working with HUD on language.

TRANSPORTATION AND LABOR

Aircraft Noise: Option paper by April 15.

Lock and Dam 26: Option paper by April 13.

Labor Law Reform: Analysis of proposed legislation by May 1.

Concorde: FAA will submit an Environmental Impact Statement (EIS) on April 15. A summary will be prepared for you. Findings of the EIS may influence New York's decision unless the New York landing question is resolved by the courts.

GOVERNMENT REFORM

Openness in Government:

a. We are working with Justice in developing a draft Executive Order on logging official contacts with lobbyists. Draft due to us April 16.

b. We are working with NSC, OMB, and DOJ to implement your decision on declassification.

c. We are working with the Counsel's office, OMB, the Vice-President's staff and Justice to develop conflict of interest legislative package. A decision memorandum will be in to you by April 16.

d. DOJ is preparing a draft proposal to implement your decision to broaden FOIA disclosure. No target date.

e. Lobbying registration and disclosure bills now before Congress. Justice to testify for Administration on April 21.

Regulatory Reform:

a. Consumer Participation: Message on ACA and other consumer participation items issued April 6. Hearings on ACA after recess. Mark-up on S.270 (Attorneys fees) after recess.

b. Substantive Consumer Reform: Interagency Task Force will meet on Monday, April 11 to begin work.

c. Standing and Class Action Legislation: Will work with DOJ and Esther Peterson to develop positions. DOJ working with House Subcommittee on class action section of FTC Improvements bill.

Election Reform: Griffin Bell testified for Administration at House hearings on universal voter registration bill and mark-up is scheduled for early May. Senate hearings are scheduled for early May. Neither House nor Senate has scheduled hearings on Congressional financing bills.

Hatch Act Revision: Mark-up on legislation scheduled for April 20.



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

file 4/11/77
THE PRESIDENT HAS SEEN.

Bulletin No. 77-

TO THE HEADS OF EXECUTIVE DEPARTMENTS AND ESTABLISHMENTS

SUBJECT: Zero-Base Budgeting

1. Purpose. The President, in a memorandum of February 14, 1977 (Attachment), asked each agency head to develop a zero-base budgeting system to be used in the preparation of the 1979 Budget. In accordance with the President's direction, these instructions provide guidance on the use of zero-base budgeting techniques for the preparation and justification of 1979 budget requests within each agency. Separate instructions will be issued in OMB Circular No. A-11 to advise agencies of budget materials to be submitted to OMB. The instructions in this bulletin lay the foundation for agency budget submissions in September in accordance with Circular No. A-11.

2. Coverage. These instructions apply to all agencies in the Executive Branch whose budgets are subject to Presidential review (see OMB Circular No. A-11, section 11.1). These concepts and guidelines are a framework within which each agency should develop necessary procedures to meet its individual requirements. Agencies should insure that the fundamental characteristics of zero-base budgeting are retained. Agencies excluded from the coverage of this bulletin are encouraged to develop zero-based budgeting procedures.

3. Definition of terms.

a. Decision unit. The program or organizational entity for which budgets are prepared and for which a manager makes significant decisions on the amount of spending and the scope or quality of work to be performed.

b. Decision package. A brief justification document that includes the information necessary for managers to make judgments on program or activity levels and resource requirements. A series of decision packages (a decision package set) is prepared for each decision unit and

cumulatively represents the total budget request for that unit.

c. Consolidated decision packages. Packages prepared at higher management levels that summarize and supplement information contained in decision packages received from lower level units. Consolidated packages may reflect different priorities, including the addition of new programs or the abolition of existing ones.

d. Ranking. The process by which managers array program or activity levels (as shown in decision packages) in decreasing order of priority. This ranking process identifies the relative priority assigned to each decision package increment contained in the manager's budget request based on the benefits to be gained at and the consequences of various spending levels.

e. Minimum level. The program, activity, or funding level below which it is not feasible to continue the program, activity, or entity because no constructive contribution can be made toward fulfilling its objective. The minimum level:

-- may not be a fully acceptable level from the program manager's perspective; and

-- may not completely achieve the desired objectives of the decision unit;

f. Current level. The level that would be reflected in the budget if fiscal year 1978 activities were carried on at 1978 service or other output levels without major policy changes. A concept, not unlike current services, that nevertheless permits internal realignments of activities within existing statutory authorization. Estimates of personnel compensation and other objects of expenditure will be made in accordance with OMB Circular No. A-11, Sections 13.4 and 13.5

4. The zero-base budget concept. Zero-base budgeting is a management process that provides for systematic consideration of all programs and activities in conjunction with the formulation of budget requests and program planning.

The principal objectives of zero-base budgeting are to:

- involve managers at all levels in the budget process;

- justify the resource requirements for existing activities as well as for new activities;

- focus the justification on the evaluation of discrete programs or activities of each decision unit;

- establish, for all managerial levels in an agency, objectives against which accomplishments can be identified and measured;

- assess alternative methods of accomplishing objectives;

- analyze the probable effects of different budget amounts or performance levels on the achievement of objectives; and

- provide a credible rationale for reallocating resources, especially from old activities to new activities.

To accomplish these objectives zero-base budgeting requires these decision-makers to:

- use "decision packages" as the major tool for budgetary review, analysis, and decisionmaking; and

- rank program or activity levels in order of priority.

5. Benefits anticipated in the Federal Government. This new system can provide significant benefits at all levels throughout the Federal Government. These benefits include:

- focusing the budget process on a comprehensive analysis of objectives, and the development of plans to accomplish those objectives;

- providing better coordination of program and activity planning, evaluation, and budgeting;

- expanding lower level management participation in program and activity planning, evaluation, and budgeting;

- causing managers at all levels to evaluate in detail the cost effectiveness of their operations and specific

activities--both new and old-- all of which are clearly identified;

-- requiring that alternative ways to meet objectives are identified;

-- identifying trade-offs between and within programs; and

-- providing managers at all levels with better information on the relative priority associated with budget requests and decisions.

Many agency management processes are aimed at providing some if not all of these same benefits. In many instances, however, such processes do not operate agencywide and the information relevant to the processes is not gathered, analyzed and reviewed in a systematic manner for all programs and activities. The value of zero-base budgeting is that it provides a process requiring systematic evaluation of the total budget request and all program objectives.

6. The zero-base budgeting process. Agencies should develop their internal zero-based budgeting procedures within the following framework.

a. Identification of objectives. An important early step in zero-base budgeting is the identification of objectives for all managers preparing and reviewing decision packages.

Top level agency management should be involved in setting objectives for lower level agency managers to:

(1) help ensure that appropriate guidance is furnished to managers throughout the agency;

(2) aid managers preparing decision packages in defining, explaining, and justifying their work to be performed and the associated resources;

(3) aid top and intermediate level managers in understanding and evaluating the budget requests.

Program and organization objectives should be explicit statements of intended output, clearly related to the basic need for which the program or organization exists. The task of identifying objectives requires the participation by

managers at all levels to determine the ultimate realistic outputs or accomplishments expected from a program or organization (major objectives) and the services or products to be provided for a given level of funding during the budget year (short-term objectives).

However, lack of precise identification and quantification of such objectives does not preclude the development and implementation of zero-base budgeting procedures.

As objectives are identified, managers should simultaneously determine the key indicators by which performance and results are to be measured. Agencies should specify measures of effectiveness, efficiency, and workload for each decision unit. These measures can often be obtained from existing evaluation and workload measurement systems. If such systems do not exist, or if data are not readily available, desirable performance indicators should not be rejected because of apparent difficulties in measurement. Indirect or proxy indicators should be considered initially, while evaluation and workload systems are developed to provide the necessary data for subsequent budget cycles.

b. Identification of decision units. Another of the first steps in zero-base budgeting is the identification of the entities in the program or organization structure whose managers will prepare the initial decision packages. In all instances, the identification of the decision units should be determined by the information needs of higher level management. Agencies should ensure that the basic decision units selected are not so low in the structure as to result in excessive paperwork and review. On the other hand, the units selected should not be so high as to mask important considerations and prevent meaningful review of the work being performed. In general, the decision unit should be at an organizational or program level at which the manager makes major decisions on the amount of spending and the scope, direction, or quality of work to be performed. A decision unit normally should be included within a single account, be classified in only one budget subfunction, and to the extent possible, reflect existing program and organizational structures that have accounting support.

c. Preparation of decision packages. The decision unit manager performs two types of analyses based on the program and budget guidance received from higher level management. First, the manager examines alternative ways of accomplishing the major objectives. Such alternatives may require legislation and may have been identified and

developed as a result of a major reexamination of the program or activity. In other instances the alternatives identified may not be fully developed, but will serve as a basis for reexamining the program at a later date. In still other instances, the alternatives identified may be the first steps toward more significant changes that will take longer than one year to accomplish. Normally, the best alternative is then selected and used as the basis for the second type of analysis--the identification of different levels of funding, activity, or performance. The purpose of identifying these different levels is to provide information on: (1) where reductions from the total request may be made, (2) the increased benefits that can be achieved through additional or alternative spending plans, and (3) the effect of such additions and reductions. Again, legislation may be required to put into effect some level of funding or performance.

However, nothing in this process should inhibit or prohibit any decisionmaker from submitting, requesting, or reviewing any information needed for analyses and decisionmaking. For example, separate decision package sets may be prepared to examine the impact of different alternatives. Also, packages reflecting increased performance or funding levels may introduce alternative methods of accomplishment that were not feasible at a lower level.

The guidance received from higher level management may determine the specific service, performance, output, or funding levels and the objectives to be discussed. This helps to insure that information provided in the decision package is broken down and arrayed in a manner conducive to higher level review of issues concerning the decision unit and also covering more than one decision unit. However, in all instances the decision package set should include:

- (1) A minimum level. In all instances, the minimum level should be below the current level (unless it is clearly not feasible to operate below the current level).
- (2) A current level (unless the total requested for the decision unit is below the current level).
- (3) A level or levels between the minimum and current levels (when appropriate).
- (4) Any additional increments desired above the current level (when appropriate).

Proposed changes (supplementals, amendments, rescissions) in current year amounts and the resulting budget year effect should be shown in packages separate from the packages described above. New programs or activities (e.g., those resulting from new legislative authority or a new major objective) will be proposed in a separate decision package set. Proposals for abolition of current programs or activities normally will not be reflected in a decision package set. However, such proposals should be highlighted, as appropriate, in another part of the agency justification.

The decision unit manager prepares a decision package set that includes decision packages reflecting incremental levels of funding and performance, so the cumulative amount of all packages represents the total potential budget request of the decision unit. Each package shows the effect of that funding and performance level on meeting the assigned objectives. The decision packages serve as the primary tool for budgetary review, analysis, and decisionmaking, although additional material may also be made available or requested for review.

Generally, a series of packages should be prepared for all programs and activities where, through legislative or administrative means, there is discretion as to the amount of funds to be spent or the appropriate method or level of activity. This does not mean that where a spending level is mandatory under existing substantive law, only one level will be identified. There are many instances in which the decision on whether to propose legislative changes is made during the preparation of the budget. There are also instances in which changes in regulations or program administration can affect the amount of resources needed to carry out a mandatory program. In these instances, packages should be prepared that analyze the effects of different funding or performance levels or alternative methods of accomplishing the objectives. In any instance where there is clearly no discretion in the amounts of funds to be spent or the appropriate method or level of activity, at least one decision package should be prepared that summarizes the analysis and decisionmaking that resulted in that request. That decision package should support the conclusion that only one funding or activity level can be considered during the budget process.

d. Ranking of decision packages. Completed decision packages should be ranked initially by the decision unit manager. At higher management levels, the rankings of each subordinate manager are reviewed and formed into a

consolidated ranking. This consolidation process is illustrated in Exhibit 1. The ranking shows the relative priority that discrete increments of services or other outputs have in relation to other increments of services or other outputs. The process is explicitly designed to allow higher level managers the opportunity to bring their broader perspectives to bear on program priorities by allowing them to rank the decision packages and make program trade-offs.

Agencies may use whatever review and ranking techniques appropriate to their needs. However, the minimum level for a decision unit is always ranked higher than any increment for the same unit, since it represents the level below which the activities can no longer be conducted effectively. However, the minimum level package for a given decision unit need not be ranked higher than an incremental level of some other decision unit. A minimum level for a decision unit may be ranked so low in comparison to incremental levels of other decision units that the funding level for the agency may exclude that minimum level package. This would signify the loss of funding for that decision unit.

Decision packages or decision package sets may be prepared to examine the effect of alternative ways to meet an objective (see Section 6.c.). In these instances, only those decision packages that are part of the unit's request should be ranked. The other decision packages should accompany the submission, however, so higher review levels may examine the alternatives and have an opportunity to replace the requested packages with those representing an alternative thus far not recommended.

e. Higher level review. In all instances, the use of decision packages and priority rankings are the major tools for analysis, review, and decisionmaking. At each higher management level:

- decision packages may be revised, deleted, or added; and

- rankings submitted by subordinate managers may be revised.

(1) Consolidation of decision packages. In some small agencies, it may be desirable for each higher management level to review every decision package prepared by each decision unit. In other instances, however, higher level management's decisionmaking needs may better be met by

recasting all or some of the initial decision packages into a lesser number of consolidated decision packages. The consolidated packages would be based upon the more detailed information in the initial packages, but the information would be recast or reinterpreted in a broader frame of reference to focus on significant program alternatives or issues. The objectives may be redefined to reflect the higher level manager's program perspective.

This consolidation process may also be used to reduce what would otherwise be an excessive paperwork and review burden at higher levels. The agency head or his designee should determine at which review level(s) all or some of the packages will be consolidated into a lesser number of packages before submission to the next higher review (see Exhibit 1). This consolidation should be based on natural groupings of subordinate decision units. Decision units in different budget subfunctions generally should not be consolidated. The consolidated package will summarize the more detailed information contained in the individual packages and identify the subordinate decision units covered.

In all instances a minimum level consolidated decision package will be prepared. This package may or may not include each of the minimum level packages from the decision package sets being consolidated. There will be instances when the preparation of a current level consolidated package is not feasible (e.g., when a decision package for a new program or activity is ranked higher than a current level package). When appropriate, there should also be a level or levels identified between the minimum and current levels.

(2) Type of review. The review can be conducted more effectively at each management level if the type of review is determined beforehand. This is especially important in the mid and higher levels in the agency, where the review workload may be significant, even with consolidation of packages. As a means of increasing the effectiveness of its review, higher level management may decide to limit its review of the higher-ranked packages to that necessary to provide a sound basis for ranking the packages and may choose to examine in more depth only the lower-ranked packages. The lower-ranked packages would be the first to be affected by an increase or decrease in the expected budgetary resources.

7. Preparation of materials. The following materials should be prepared for each decision unit.

a. Decision unit overview. The overview provides information necessary to evaluate and make decisions on each of the decision packages, without the need to repeat that information in each package. It should be at most two pages long, prepared in the format of Exhibit 2, and contain the following information:

(1) Identifying information. Include sufficient information to identify the decision unit, and the organizational and budgetary structure within which that decision unit is located. Each package should include the title of the appropriation or fund account that finances the decision unit, the account identification number (see OMB Circular No. A-11, section 21.3), and any internal agency code necessary.

(2) Long-range goal. When appropriate, identify the long-range goal of the decision unit. Goals should be directed toward general needs, to serve as the basis for determining the major objective(s) undertaken to work towards that goal.

(3) Major objective(s). Describe the major objectives of the decision unit, the requirements these objectives are intended to satisfy and the basic authorizing legislation. Major objectives normally are of a continuing nature or take relatively long periods to accomplish. Objectives should be measurable and should be those that program managers employ; they should form the basis for first determining and subsequently evaluating the accomplishments of programs or activities.

(4) Alternatives. Describe the feasible alternative ways to accomplish the major objectives. Identify which of the alternatives represents the method proposed for the budget year. Briefly explain how the approach selected contributes to satisfying the major objectives and the rationale for not pursuing other alternatives. This may include a discussion of organizational structure and delivery systems; longer-range cost factors; and when applicable, the unique aspects and need for the program that cannot be filled by State or local governments or the private sector (particularly for any enlarged or new proposed action).

(5) Accomplishments. Describe the progress of the decision unit toward meeting the major objectives. This section should include both quantitative and qualitative measures of results.

b. Decision packages. Each (consolidated) decision package should be no more than two pages long, be prepared in a format similar to Exhibit 3, and contain at least the following information:

(1) Identifying information. This information should include organizational identification (agency, bureau), appropriation or fund account title and identification number, specific identification of the decision unit, the package number, and the internal agency code.

(2) Activity description. Describe the work to be performed or services provided with the incremental resources specified in the package. This section should include a discussion and evaluation of significant accomplishments planned and the results of benefit/cost and other analyses and evaluations that will contribute to the justification of that level.

(3) Resource requirements. Include appropriate information, such as obligations, offsetting collections, budget authority or outlays, and employment (full-time permanent and total), for the past, current, and budget years for the upcoming budget. The increment associated with each package should be listed, along with the cumulative totals for each measure used in that package, plus all higher ranked packages for that decision unit. The current year increment column should be used only when additional funds are being requested for the current year or for rescissions. At an appropriate level in the process, budget authority and outlay amounts for the four years beyond the budget year should also be included, in accordance with criteria in OMB Circular No. A-11, section 22.2, (a) and (b).

(4) Short-term objective. State the short-term objectives (usually achievable within one year), that will be accomplished and the benefits that will result with the increment specified and the cumulative resources shown in the package. The expected results of the work performed or services provided should be identified to the maximum extent possible through the use of quantitative measures.

(5) Impact on major objective(s). Describe the impact on the major objective(s) or goals of both the incremental and the cumulative resources shown in the package.

(6) Other information. Include other information that aids in evaluating the decision package. This should include:

- explanations of any legislation needed in connection with the package;

- the impact or consequences of not approving the package;

- for the minimum level package, the effects of zero-funding for the decision units;

- for package below the current level, an explanation of what now is being accomplished that will not be accomplished at the lower level; and

- the relationship of the decision unit to other decision units, including the coordination that is required.

c. Ranking sheet. Each review level will prepare a ranking sheet to submit to the next higher review level. This ranking sheet should generally contain the information shown in Exhibit 4 for the budget year.

In instances (e.g., revolving funds) where budget authority and net outlays are not a factor in reflecting the appropriate or priority level of performance, managers should use other measures (e.g. total obligations, employment).

8. OMB review and consultation. As an important element of initiating zero-base budgeting, agencies are required this year to submit for OMB and Presidential review their proposals for:

- the program, activity, or organizational level to be the basis of the (consolidated) decision packages that will form the agency budget submission to OMB;

- current and/or budget year issues that should be highlighted through either particular decision packages or, when decision packages are not appropriate, through issue papers that ultimately tie in to one or several decision packages; and

- longer-range issues for which agencies will initiate extensive evaluations.

This identification of issues will play an integral role in OMB's spring review of agency programs, activities, and plans. Policy guidance letters to the agencies regarding the preparation of the fall budget submission will be based in part on this information.

Starting about April 21, 1977, OMB representatives will contact the agencies and request these proposals.

9. Inquiries. Should additional discussion be necessary, agencies should contact their OMB budget examiner.

Bert Lance
Director

Attachment

DECISION PACKAGE RANKING AND CONSOLIDATION PROCESS ILLUSTRATED

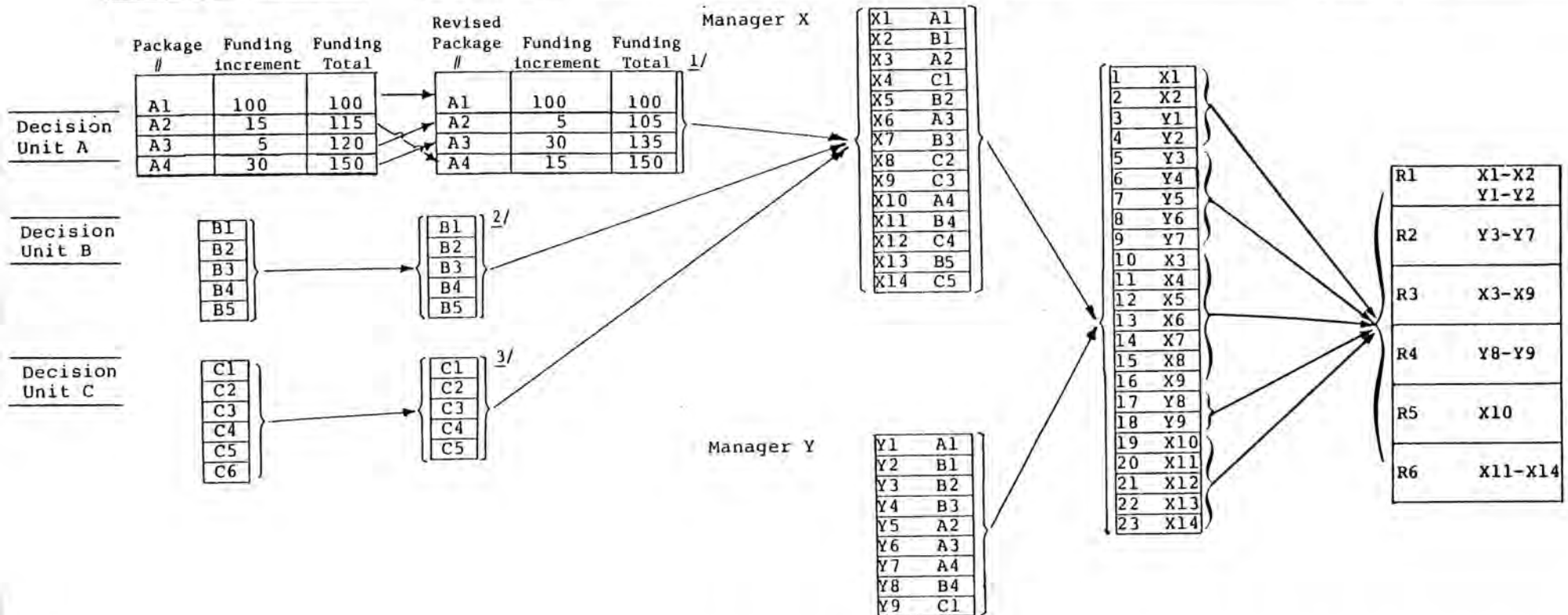
Managers A, B, and C each rank packages for their units and send to Manager X

Manager X receives packages and evaluates and ranks them within each unit

Manager X ranks packages for units A, B, and C against each other, and sends to Manager R

Manager R evaluates packages from Managers X and Y, and then ranks them against each other

Manager R prepares some consolidated decision packages before submitting budget request to next higher level



1/ Higher level manager reorders the proposed priorities of the subordinate decision unit managers. The packages may be revised by either the initial decision unit manager or the higher level manager.

2/ Higher level manager accepts proposed priorities of the subordinate manager.

3/ Higher level manager accepts proposed priorities of the subordinate manager, but chooses not to propose funding of lowest priority package.

DECISION UNIT OVERVIEW
Department of Health, Education, and Welfare
Mental Health Administration
Federal Support Community Mental Health Services
Mental Health: 75-000-1-0-1-550

Goal.

To ensure needy citizens access to community based mental health services, regardless of ability to pay. Services should be of high quality provided in the least restrictive of environment, and in a manner assuring patients' rights and dignity.

Major objective.

To assist in the establishment and operation of a nationwide network of 1,200 qualified community mental health centers (CMHCs) by 1984 to ensure availability and accessibility of services to residents of each mental health catchment area.

Current method of accomplishing the major objectives.

Grants are made to public and nonprofit entities to plan and operate community mental health center programs. The planning grants are one-time grants, not to exceed \$75,000 each. The operating grants are for eight-year periods with a declining Federal matching rate.

Alternatives.

1. Consolidate Federal funding for community mental health services and other categorical health service programs into a single formula grant to the States.

2. Consolidate Federal funding for community mental health services and other community-based inpatient and outpatient services--as well as institutionally based short-term acute and long-term care services--for the mentally ill and mentally retarded.

These alternatives are not being pursued because the States thus far have not been able to ensure that funds will be targeted into high priority areas. The Secretary believes the Federal Government must have the ability to control the funding.

3. Provide for mental health services coverage through the national health insurance proposal. This alternative is not presently viable because passage of the national health insurance act is not near. Intensive study is now being directed toward this alternative for possible consideration next year.

Accomplishments.

Since the establishment of the CMHC program in the mid-1960's, 670 CMHC's have received Federal funding of nearly \$2.0 billion. In 1977, nearly 600 centers were operational, covering 45% of the population (90 million people), and providing treatment services to 2 million individuals annually.

In 1977, 450 centers received Federal grant support and 100 centers completed the eight-year Federal grant cycle. To qualify for an operational grant, P.L. 100-63, requires centers to provide the following services on a 24 hour a day, seven day a week basis:

1. Inpatient hospitalization;
2. Outpatient treatment and counseling;
3. Partial hospitalization as an alternative to full-time hospitalization;
4. 24-hour emergency services by telephone or on a walk-in basis;
5. Consultation and education services;
6. Services to children;
7. Services to the elderly;
8. Screening services to the courts and other agencies;
9. Follow-up care for former full-time patients from a mental health facility;
10. Transitional services for same;
11. Alcoholism and alcohol abuse program and drug addiction and abuse program.

DECISION PACKAGE
Department of Health, Education and Welfare
Mental Health Administration
Federal Support of Community Mental Health Services
Mental Health: 75-0001-0-1-550

Package 1 of 4 (minimum level)

Activity Description:

Continue grants only to the 450 CMHC's currently receiving Federal support, until each CMHC's eight-year grant cycle is completed.

Resource Requirements: Dollars in thousands

	<u>1977</u>	<u>1978</u>	<u>1979</u>		
			<u>This</u>	<u>Cumulative</u>	
			<u>Package</u>	<u>Total</u>	
Planning grants (\$)	1,000	1,000	0	0	
Operating grants (\$)	97,000	147,000	120,000	120,000	
Total obligations	98,000	148,000	120,000	120,000	
Budget authority	98,000	148,000	120,000	120,000	
Outlays	97,000	145,000	119,000	119,000	
Five-year estimates	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>
Budget authority	120,000	100,000	80,000	60,000	40,000
Outlays	119,000	98,000	79,000	59,000	40,000

Employment (not applicable to this program)			
Positions at end of —			
	<u>1977</u>	<u>1978</u>	<u>1979</u>
Full-time permanent	230	250	240
Total	250	280	240

Short-term objective:

To ensure in 1979 access to qualified comprehensive mental health services to 45% of the population (about 2 million patients).

Impact on major objectives:

The major objective of 1200 qualified CMHC's by 1988 would not be met if this short term objective were continued. It is unlikely that any net increase in qualified CMHC's would result at this level because few communities have the resources to develop a qualified program. It is estimated that for each community that would develop a qualified CMHC, an existing qualified CMHC would cease to qualify because of cutbacks in service provided due to tight funds. The impact of continuing this level objective follows:

	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>
Number of public and non-profit CMHC's	700	710	720	730	740	750	760	770
Number of CMHC's providing comprehensive services, as now defined	550	600	600	600	600	600	600	600
Number of CMHC's receiving grants	400	450	400	350	300	250	200	150
Percent of population covered	43	45	45	45	45	45	45	45
Percent of probable patients covered	45	50	50	50	50	50	50	50

Other Information:

Continuing grants to the 450 CMHC's currently receiving Federal support until each CMHC's eight-year cycle is completed is the minimum level because (a) the government has an eight-year contract with each CMHC, and (b) no new CMHC's will receive any grants. If zero-funded, the government would be subject to legal action brought by CMHC's.

This level would cease to encourage communities to develop CMHC's because of the (a) lack of planning grant funds and (b) lack of operational grant funds, thus negating the potential growth in the number of qualified CMHC's.

Only 57% of the high priority catchment areas would receive qualified CMHC coverage.

DECISION PACKAGE
Department of Health, Education, and Welfare
Mental Health Administration
Federal Support of Community Mental Health Services
Mental Health: 75-0001-0-1-550

Package 2 of 4

Activity Description

Continue grants to a total of 450 CMHC's each year. When a currently funded CMHC reaches the end of its eight-year cycle for eligibility, provide an eight-year grant to a newly qualified CMHC.

Resource Requirements: Dollars in thousands.

	<u>1977</u>	<u>1978</u>	<u>1979</u>		
			<u>This Package</u>	<u>Cumulative Total</u>	
Planning grants (\$)	1,000	1,000	0	0	
Operating grants (\$)	<u>97,000</u>	<u>147,000</u>	<u>20,000</u>	<u>140,000</u>	
Total obligations	<u>98,000</u>	<u>148,000</u>	<u>20,000</u>	<u>140,000</u>	
Budget authority	<u>98,000</u>	<u>148,000</u>	<u>20,000</u>	<u>140,000</u>	
Outlays	<u>97,000</u>	<u>145,000</u>	<u>19,000</u>	<u>138,000</u>	
Five year estimates	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>
Budget authority	140,000	142,000	143,000	145,000	146,000
Outlays	138,000	141,000	142,000	144,000	145,000

Short-term objective.

To ensure in 1979 access to qualified comprehensive mental health services to 49% of the population (about 2.1 million patients).

Impact on major objectives.

Even without the planning grants, many communities will be encouraged to develop CMHCs because of the possibility of receiving the operating grants. However, the major objective would not be met at this level of funding. It would take until about 1990 to establish 1200 qualified CMHCs. The impact of continuing this level follows:

	<u>1977</u>	<u>1978</u>	<u>This package</u>	<u>1979 cumulative</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>
Number of public and nonprofit CMHCs	700	710	40	750	800	850	900	950	1,000
Number of CMHCs providing comprehensive services, as now defined	550	600	50	650	700	750	800	850	900
Number of CMHCs receiving grants	400	450	50	450	450	450	450	450	450
Percent of population covered	43	45	4	49	58	65	75	80	85
Percent of probable patients covered	45	50	4	54	64	69	80	84	88

Other information.

By 1982, 70% of the high priority catchment areas will have a qualified CMHC. Assuming the objective of CMHCs is desirable even by 1990, stretching out the program past the major objective date of 1984 will increase total program costs from \$3.6 billion to \$4.3 billion due to estimated increases in service costs.

Department of Health, Education, and Welfare
Mental Health Administration
Federal Support of Community Mental Health Services
Mental Health: 75-0001-0-1-550

Package 3 of 4 (Current level)

Activity Description:

Fund 50% more newly qualifying CMHC's. That is, for every two CMHC's whose eight-year eligibility period ends, fund three newly qualifying CMHC's.

Resource Requirements: (Dollars in thousands)

	<u>1977</u>	<u>1978</u>	<u>1979</u>		
			<u>This Package</u>	<u>Cumulative Total</u>	
			0	0	
Planning grants (\$)	1,000	1,000	10,000	150,000	
Operating grants (\$)	97,000	147,000	10,000	150,000	
Total obligations	98,000	148,000			
			10,000	150,000	
Budget authority	98,000	148,000			
			10,000	148,000	
Outlays	97,000	145,000			
Five year estimates	1979	1980	1981	1982	1983
Budget authority	150,000	162,000	172,000	183,000	194,000
Outlays	148,000	161,000	171,000	182,000	193,000

Short-term Objective:

To ensure in 1979 access to qualified comprehensive mental health services to 51% of the population (about 2.2 million patients).

Impact on Major Objectives:

	<u>1977</u>	<u>1978</u>	<u>this Pkg.</u>	<u>1979 Cum.</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>
Number of public and non-profit CMHC's	700	710	25	775	850	925	1,000	1,075	1,150
Number of CMHC's providing comprehensive services, as now defined	550	600	25	675	750	825	900	975	1,050
Number of CMHC's receiving grants	400	450	25	475	500	525	550	575	600
Percent of population covered	43	45	6	51	65	75	80	85	90
Percent of probable patients covered	45	50	6	56	66	77	83	87	90

Other information:

By 1982 95% of the high priority catchment areas will have a qualified CMHC. If stretched out from 1984 to 1986, total program costs for establishing 1200 CMHC's will increase from \$3.6 billion to about \$3.8 billion.

DECISION PACKAGE
Department of Health, Education, and Welfare
Mental Health Administration
Federal Support of Community Mental Health Services
Mental Health: 75-0001-0-1-550

Package 4 of 4

Activity Description:

For every CHMC whose eight year eligibility periods ends, fund two newly qualifying CMHC's.

Resource Requirements: Dollars in thousands

	<u>1977</u>	<u>1978</u>	<u>1979</u>		
			<u>This</u>	<u>Cumulative</u>	
			<u>Package</u>	<u>Total</u>	
Planning grants (\$)	1,000	1,000	0	0	
Operating grants (\$)	97,000	147,000	10,000	160,000	
Total obligations	<u>98,000</u>	<u>148,000</u>	<u>10,000</u>	<u>160,000</u>	
Budget authority	<u>98,000</u>	<u>148,000</u>	<u>10,000</u>	<u>160,000</u>	
Outlays	<u>97,000</u>	<u>145,000</u>	<u>10,000</u>	<u>158,000</u>	
Five year estimates	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>
Budget authority	160,000	172,000	183,000	193,000	204,000
Outlays	158,000	170,000	182,000	192,000	203,000

Short-term Objectives

To ensure in 1979 access to qualified comprehensive mental health services to 53% of the population (about 2.3 million patients).

Impact on Major Objectives

	<u>1977</u>	<u>1978</u>	<u>this</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>
			<u>pkg.</u>	<u>cum.</u>					
Number of public and non-profit CMHC's	700	710	25	800	900	1,000	1,100	1,200	1,300
Number of CHMC's providing comprehensive services, as now defined	550	600	25	700	800	900	1,000	1,100	1,200
Number of CMHC's receiving grants	400	450	25	500	550	600	650	700	750
Percent of population covered	43	45	2	53	75	80	84	93	100
Percent of probable patients covered	45	50	2	58	77	82	85	93	100

The major objective will be met at this level of funding.

Other Information

By 1982 100% of the high priority catchment areas will have a qualified CMHC. Total program cost by 1984 will be \$3.6 billion.

RANKING SHEET

Department of Government
Fiscal year 1979

(Other identifying information)

Date: July 17, 1977

<u>Rank</u>	<u>Decision Package</u>	<u>BA</u>	<u>Outlays</u>	<u>Cumulative</u>	
				<u>BA</u>	<u>Outlays</u>
1	A1	924	901	924	901
2	B1	800	785	1,724	1,686
3	A2	121	121	1,845	1,807
4	C1	0	0	1,845	1,807
5	B2	30	30	1,875	1,837
6	A3	0	0	1,875	1,837
7	B3	30	30	1,905	1,867
8	C2	0	0	1,905	1,867
9	C3	0	0	1,905	1,867
10	A4	22	22	1,927	1,889
11	B4	11	11	1,938	1,900
12	C4	0	0	1,938	1,900
13	B5	30	30	1,968	1,930
14	C5	0	0	1,968	1,930
15	C6	0	0	1,968	1,930

THE WHITE HOUSE
WASHINGTON

February 14, 1977

MEMORANDUM FOR THE HEADS OF
EXECUTIVE DEPARTMENTS AND AGENCIES

During the campaign, I pledged that immediately after the inauguration I would issue an order establishing zero-base budgeting throughout the Federal Government. This pledge was made because of the success of the zero-base budget system adopted by the State of Georgia under my direction as Governor.

A zero-base budgeting system permits a detailed analysis and justification of budget requests by an evaluation of the importance of each operation performed.

An effective zero-base budgeting system will benefit the Federal Government in several ways. It will

- . Focus the budget process on a comprehensive analysis of objectives and needs.
- . Combine planning and budgeting into a single process.
- . Cause managers to evaluate in detail the cost-effectiveness of their operations.
- . Expand management participation in planning and budgeting at all levels of the Federal Government.

The Director of the Office of Management and Budget will review the Federal budget process for the preparation, analysis, and justification of budget estimates and will revise those procedures to incorporate the appropriate techniques of the zero-base budgeting system. He will develop a plan for applying the zero-base budgeting concept to preparation, analysis, and justifications of the budget estimates of each department and agency of the Executive Branch.

I ask each of you to develop a zero-base system within your agency in accordance with instructions to be issued by the Office of Management and Budget. The Fiscal Year 1979 budget will be prepared using this system.

By working together under a zero-base budgeting system, we can reduce costs and make the Federal Government more efficient and effective.

A handwritten signature in black ink, reading "Jimmy Carter". The signature is written in a cursive, flowing style. The first name "Jimmy" is written with a large, sweeping initial "J" and a long horizontal stroke extending to the right. The last name "Carter" is written with a large, sweeping initial "C" and a long horizontal stroke extending to the right.

THE WHITE HOUSE
WASHINGTON

done
4/17/77

pls send a
copy to Jim
McIntyre
thanks - RL

THE WHITE HOUSE
SIGNATURE MUST BE SECURED

TO:
The Honorable Juanita M. Kreps
Secretary of Commerce
Washington, D. C. 20230

DATE... 4/11/77...
NUMBER 005080-
TIME REC'D 5:21

RECEIVED BY *J. Salinger*

DELIVERED BY *J.C.M.* RICK HUTCHESON

RETURN RECEIPT ROOM ~~ST-210-E.O.B.~~

THE WHITE HOUSE
WASHINGTON

April 11, 1977

Secretary Kreps
Stu Eizenstat
Jack Watson

The attached was returned in the President's
outbox and is forwarded to you for your
information and appropriate action.

Rick Hutcheson

cc: Bob Linder

Re: Removal of "Bearing Steel" from
Specialty Steel Import Quotas


THE WHITE HOUSE
WASHINGTON

3/18/77

TO: Stu Eisenstat

For Your Information: _____

For Appropriate Handling: ✓

cc: Jack Hatson  Robert D. Linder

THE WHITE HOUSE
WASHINGTON

*cc Secy
Kreps*

ACTION	FYI
<input checked="" type="checkbox"/>	
<input checked="" type="checkbox"/>	

MONDALE
COSTANZA
EIZENSTAT
JORDAN
LIPSHUTZ
MOORE
POWELL
WATSON

<input type="checkbox"/>	ENROLLED BILL
<input type="checkbox"/>	AGENCY REPORT
<input type="checkbox"/>	CAB DECISION
<input type="checkbox"/>	EXECUTIVE ORDER

Comments due to
Carp/Huron within
48 hours; due to
Staff Secretary
next day

<input type="checkbox"/>	FOR STAFFING
<input type="checkbox"/>	FOR INFORMATION
<input checked="" type="checkbox"/>	FROM PRESIDENT'S OUTBOX
<input type="checkbox"/>	LOG IN/TO PRESIDENT TODAY
<input type="checkbox"/>	IMMEDIATE TURNAROUND

<input type="checkbox"/>	ARAGON
<input type="checkbox"/>	BOURNE
<input type="checkbox"/>	BRZEZINSKI
<input type="checkbox"/>	BUTLER
<input type="checkbox"/>	CARP
<input type="checkbox"/>	H. CARTER
<input type="checkbox"/>	CLOUGH
<input type="checkbox"/>	FALLOWS
<input type="checkbox"/>	FIRST LADY
<input type="checkbox"/>	GAMMILL
<input type="checkbox"/>	HARDEN
<input type="checkbox"/>	HOYT
<input type="checkbox"/>	HUTCHESON
<input type="checkbox"/>	JAGODA
<input type="checkbox"/>	KING

<input type="checkbox"/>	KRAFT
<input type="checkbox"/>	LANCE
<input type="checkbox"/>	LINDER
<input type="checkbox"/>	MITCHELL
<input type="checkbox"/>	POSTON
<input type="checkbox"/>	PRESS
<input type="checkbox"/>	B. RAINWATER
<input type="checkbox"/>	SCHLESINGER
<input type="checkbox"/>	SCHNEIDERS
<input type="checkbox"/>	SCHULTZE
<input type="checkbox"/>	SIEGEL
<input type="checkbox"/>	SMITH
<input type="checkbox"/>	STRAUSS
<input type="checkbox"/>	WELLS
<input type="checkbox"/>	VOORDE

THE WHITE HOUSE

WASHINGTON

April 7, 1977

ok
J

MEMORANDUM FOR:

THE PRESIDENT

FROM:

STU EIZENSTAT
BOB GINSBURG

Spn

SUBJECT:

Letter from Secretary Kreps Concerning
Removal of "Bearing Steel" from Specialty
Steel Import Quotas

When quotas were imposed on specialty steels last year, a certain type of alloy tool steel (so-called "bearing steel") was included in the import restraint program. That inclusion was actually a mistake resulting from a prior misclassification of bearing steel by the U.S. Customs Service. Before that mistake can be corrected, and quotas in bearing steel reduced, the President is required by the Trade Act to seek the advice of the U.S. International Trade Commission (ITC) and the Secretaries of Commerce and Labor on the probable economic effect of such a reduction.

Secretary Kreps' letter is being delivered to you pursuant to that statutory requirement. She concludes that removal of bearing steel from the specialty steel import quotas would have a negligible effect on the domestic industry. The Labor Department and the ITC have previously reported similar conclusions.

The Office of the STR is presently preparing a Presidential Proclamation which will remove bearing steel from the specialty steel import relief program.

**Electrostatic Copy Made
for Preservation Purposes**



THE SECRETARY OF COMMERCE

Washington, D.C. 20230

RECEIVED
ACTION

77 APR 5

P 5.

MAR 01 1977

THE PRESIDENT HAS SEEN.

Dear Mr. President:

*RL
encl*

On October 14, 1976, the Special Representative for Trade Negotiations requested that the Secretary of Commerce advise the President under section 203(h)(4) of the Trade Act of 1974 as to the effects on domestic industry if certain alloy tool steel ("bearing steel") were to be excluded from import relief established by Presidential Proclamation 4445, as modified by Proclamation 4477.

Having reviewed the factual information, as reflected in the enclosed report, it is my judgment that exclusion of the subject alloy tool steel products ("bearing steel") from the specialty steel import quotas would have a negligible effect on the domestic industry producing such steel.

I understand that inclusion of bearing steel in the specialty steel import restraint program occurred inadvertently and was due to a technical classification problem. As originally designed, the program was not intended to apply to the type of steel used as bearing steel.

Respectfully,

Juanita M. Kreps
Juanita M. Kreps

Enclosure

The President
The White House
Washington, D.C. 20500

U.S. Department of Commerce Report on Bearing Steel

Background

On June 11, 1976, Presidential Proclamation 4445 imposed temporary quantitative limitations on the importation into the United States of certain stainless and alloy tool steel products ("specialty steel"). Proclamation 4477, dated November 16, 1976, modified the earlier Proclamation by imposing a temporary quantitative limitation on certain alloy tool steel incorporated primarily in the manufacture of bearings ("bearing steel"). This Proclamation was issued after the U.S. Customs Service acknowledged that, prior to imposition of the specialty steel restraint program (effective June 14, 1976), that agency had been classifying incorrectly bearing steel entered into the United States. Under the proper classification, bearing steel is among the items subject to quota, although such treatment was not intended when the U.S. International Trade Commission (USITC) recommended, on January 16, 1976, imposition of quotas on certain specialty steel products. Correction of the previous misclassifications resulted in the rapid filling of country quotas in the alloy tool steel category. Proclamation 4477, establishing a separate "bearing steel" quota, was intended merely to alleviate the problem in the interim. However, before bearing steel could be removed from the import restraint program, the President was required to request the advice of the USITC as to the probable economic effect on the domestic industry of such action (inasmuch as removal would constitute a reduction of the level of import relief). Such requests were made last October 14, and reiterated December 7. Additionally, also on October 14, STR requested the Secretaries of Commerce and Labor for their advice.

On January 12, 1977, the USITC instituted its investigation under section 203(i)(2) of the Trade Act of 1974. On January 31, it held public hearings, at which time representatives of both the domestic industry and foreign exporters testified concerning the probable economic effect of the lifting of the quotas. On February 14, the USITC reported to the President that it had found the economic effect on the domestic industry would be negligible if restrictions on "bearing steel" were lifted.

Domestic Production and Consumption

At present, there are only two domestic companies producing steel of the bearing steel type. However, production of such steel accounts for only a small portion of their total steel output. Information on total domestic production is not available from official statistics.

Domestic producers of bearings appear to be fairly dependent upon imported bearing steel, with imports estimated to represent up to 80 percent of U.S. consumption. The USITC has estimated that imports currently account for 45 percent of consumption. The present quota of 30,000 tons was set at a level estimated to approximate total U.S. consumption. A statement filed on behalf of the Anti-Friction Bearing Manufacturers Association (AFBMA), which represents forty domestic manufacturers of anti-friction bearings accounting for 80 percent of domestic production, indicates that the consuming industry is concerned about a possible supply access problem if the quotas on bearing steel are kept in place.

U.S. Imports

Prior to December 1976, official statistics did not report bearing steel imports separately. However, for quota administration purposes, the U.S. Customs Service has examined entry documents since June 14, 1976, and ascertained that, through February 4, 1977, such imports amounted to 9,315 tons. On an annualized basis, this would amount to 14,246 tons, or 46.8 percent of the quota level.

During this period, Japan was the principal supplier of bearing steel, accounting for 72 percent of such imports. Sweden, another principal supplier, accounted for 16 percent.

Public Response to USITC Investigation

In testimony before the USITC, representatives of the original specialty steel petitioners, consumers of bearing steel, and foreign suppliers stated the need to expeditiously remove the restraints placed upon bearing steel. Citing the investigation as one simply concerned with correction of a technical and administrative error, these participants called for an early termination of the import relief.

Commerce Review and Activities

The Department has participated in the interagency review work and international consultations from the time the specialty steel import problem first surfaced, has been intimately involved with the monitoring and administration of the import restraint program since implementation, and has been involved in consultations with the Japanese on the resolution of the bearing steel problem. The Department attended the USITC hearings, gathered factual information from representatives of the domestic producers and the Tool and

Stainless Steel Industry Committee, and surveyed certain ball and roller bearing manufacturers and their trade association.

Commerce contacted the dominant U.S. producer of bearing steel. A company spokesman indicated that imports had damaged the bearing steel business but that the damage had been done a long time ago and removal of the quota would have no effect on the status quo.

THE WHITE HOUSE
WASHINGTON

April 11, 1977

Jim Schlesinger -

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.

Rick Hutcheson

cc: Stu Eizenstat
Jack Watson
Tim Kraft

Re: Breeder Review Report

*cc Frank Pagnotta
4/22/77*

THE WHITE HOUSE
WASHINGTON

ACTION	FYI
	MONDALE
	COSTANZA
X	EIZENSTAT
	JORDAN
	LIPSHUTZ
	MOORE
	POWELL
X	WATSON

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER
	Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day

	FOR STAFFING
	FOR INFORMATION
X	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

	ARAGON
	BOURNE
	BRZEZINSKI
	BUTLER
	CARP
	H. CARTER
	CLOUGH
	FALLOWS
	FIRST LADY
	GAMMILL
	HARDEN
	HOYT
	HUTCHESON
	JAGODA
	KING

X	KRAFT
	LANCE
	LINDER
	MITCHELL
	POSTON
	PRESS
	B. RAINWATER
X	SCHLESINGER
	SCHNEIDERS
	SCHULTZE
	SIEGEL
	SMITH
	STRAUSS
	WELLS
	VOORDE

15 99 only

*Rich: Please transmit to President before his departure tomorrow
JW*

THE WHITE HOUSE
WASHINGTON

THE PRESIDENT HAS SEEN.

April 7, 1977

*Jim: This sounds o.k.
We must increase coop-
eration w/ Fr, Jap, G &
UK. In a few weeks
(or sooner) I need a
30-min. briefing on our
entire R&D program on
nuclear/fusion with basic
charts so I can understand
it. Before Summit would
help - J*

MEMORANDUM TO: The President
FROM : James R. Schlesinger *JR*
SUBJECT : BREEDER REVIEW REPORT

In late February, I directed the Acting Administrator of the Energy Research and Development Administration (ERDA) to establish a Steering Committee to review the Liquid Metal Fast Breeder Reactor (LMFBR) program with particular emphasis on the role of the Clinch River Breeder Reactor Project (CRBR) in the program. The Steering Committee was made up of knowledgeable opponents and proponents of the breeder reactor program. The work of the Committee has been completed and the Acting Administrator has provided me with his judgements, conclusions and recommended courses of action.

The Committee reached a consensus conclusion* that the U. S. should:

- Preserve the fission option for the long term;
- Research reactor technologies consistent with our nonproliferation objectives;
- Recognize there is no totally proliferation-proof fission option.

I regard these conclusions as sound foundations of our policy on advanced nuclear technologies and they reinforce the role of nuclear power in providing portions of our future energy needs.

The Committee's disagreements centered around the balancing of energy risks and proliferation benefits of pursuing alternative systems. The balancing of these risks and benefits is at the heart of national policy on the breeder program, and the Committee's disagreements illuminated the central issues. The role of the CRBR is primarily a function of the larger risk-benefit issue of the breeder.

**Electrostatic Copy Made
for Preservation Purposes**

**a delightful surprise since
Committee included such vigorous
breeder critics as Tom Cochran & Russell Train.*

However, the risks of pursuing alternative systems depend almost entirely on assumptions, of which there are many varying views, regarding:

- the size of the U. S. uranium resource;
- the installed nuclear capacity in 2000;
- the rate of electricity demand growth after 2000.

With an estimate of 400,000 megawatts of installed nuclear capacity by about the year 2000, which is consistent with our national energy policy, it can be concluded that:

- if uranium resources are only 1.8 million tons, then the existing LMFBFR program is needed to sustain the fission option; or
- if uranium resources are 3.7 million tons, and if electricity demand grows at 3.3 percent after 2000, breeder commercialization will occur shortly after the turn of the century; or
- if uranium resources are 3.7 million tons, and if electricity demand grows at 1.5 percent after 2000, there are adequate resources to delay breeder introduction until about 2010.

Consistent with our nonproliferation objectives, we should actively pursue research and development on advanced reactor concepts, fuels and systems, and to the extent possible, with other nations. The potential benefits could lead to:

- significant reduction in inventories of plutonium;
- extension of the uranium resource base (as shown in the attachment);
- limiting the accessibility of weapons materials through the use of denatured fuel cycles (which require isotopic separation of the material rather than the easier chemical separation).

During the next 1-2 years while these R&D programs are underway, the construction of the CRBR should be deferred but the design and licensing processes should continue. This approach:

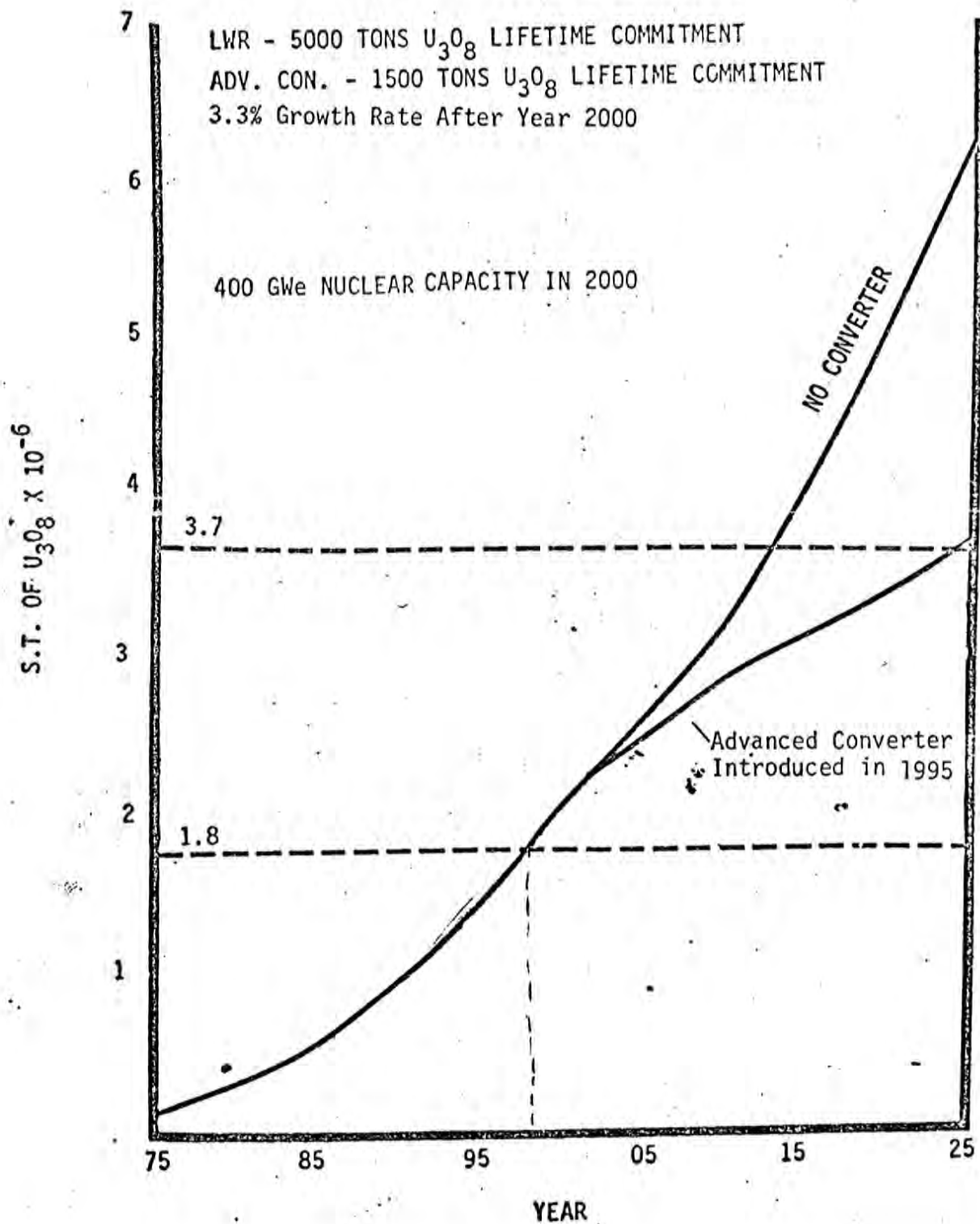
- is consistent with our new nonproliferation policies and provides a responsible and balanced signal to other nations;
- is consistent with the acceptable minimum delay in breeder introduction (LMFBR or alternative) of 5-10 years beyond the current date of 1993;
- mitigates dissolution of the Government/Industrial infrastructure somewhat;
- extracts the benefit (a complete design) in which most of the CRBR program costs have been invested to date.

Based upon my consideration of the conclusions reached by ERDA and the Steering Committee, I recommend an advanced nuclear technology policy that reflects the following elements:

- The LMFBR base program to be held at [somewhat] less than its current level, and directed toward evaluation of alternate breeders, fuels, and advanced converter reactors with emphases on nonproliferation and safety concerns.
- Construction of the Clinch River Breeder Project indefinitely deferred but the design completed and reviewed with the licensing authorities.
- Within two years,
 - One or more alternate concepts (breeder, advanced converter, and/or fuel) be selected and an aggressive R&D program be mounted to pursue the selected concepts. ✓
 - A demonstration plant for the alternate concept be part of the R&D program. ✓
 - A final decision be made to abandon CRBR construction entirely, or to reorient it to the new concept. ✓

Attachment

EFFECT OF ADVANCED CONVERTER INTRODUCTION ON URANIUM COMMITMENTS



to President
JW

EXECUTIVE OFFICE OF THE PRESIDENT
ENERGY POLICY AND PLANNING
WASHINGTON, D.C. 20500

April 8, 1977

MEMORANDUM FOR:

Jack Watson JW

SUBJECT:

Report on the Liquid Metal Fast
Breeder Reactor

The attached report on the Liquid Metal Fast Breeder Reactor from Jim to the President should get to the President before he departs this afternoon.

Many thanks.


Frank R. Pagnotta

Attachment

THE WHITE HOUSE
WASHINGTON

April 11, 1977

The Vice President
Secretary Adams
Stu Eizenstat
Hamilton Jordan
Jack Watson
Z. Brzezinski
Tim Kraft

The attached was returned in the President's
outbox and is returned to you for your
information and appropriate action.

Rick Hutcheson

Re: Environmental Impact Statement on
Noise Impact of SST's (CONCORDE)

CONFIDENTIAL attachment.

THE WHITE HOUSE
WASHINGTON

cc Adams

ACTION	FYI
<input checked="" type="checkbox"/>	MONDALE
<input type="checkbox"/>	COSTANZA
<input checked="" type="checkbox"/>	EIZENSTAT
<input checked="" type="checkbox"/>	JORDAN
<input type="checkbox"/>	LIPSHUTZ
<input type="checkbox"/>	MOORE
<input type="checkbox"/>	POWELL
<input checked="" type="checkbox"/>	WATSON

<input type="checkbox"/>	ENROLLED BILL
<input type="checkbox"/>	AGENCY REPORT
<input type="checkbox"/>	CAB DECISION
<input type="checkbox"/>	EXECUTIVE ORDER
	Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day

<input type="checkbox"/>	FOR STAFFING
<input type="checkbox"/>	FOR INFORMATION
<input checked="" type="checkbox"/>	FROM PRESIDENT'S OUTBOX
<input type="checkbox"/>	LOG IN/TO PRESIDENT TODAY
<input type="checkbox"/>	IMMEDIATE TURNAROUND

<input type="checkbox"/>	ARAGON
<input type="checkbox"/>	BOURNE
<input checked="" type="checkbox"/>	BRZEZINSKI
<input type="checkbox"/>	BUTLER
<input type="checkbox"/>	CARP
<input type="checkbox"/>	H. CARTER
<input type="checkbox"/>	CLOUGH
<input type="checkbox"/>	FALLOWS
<input type="checkbox"/>	FIRST LADY
<input type="checkbox"/>	GAMMILL
<input type="checkbox"/>	HARDEN
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<input type="checkbox"/>	JAGODA
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<input checked="" type="checkbox"/>	KRAFT
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<input type="checkbox"/>	LINDER
<input type="checkbox"/>	MITCHELL
<input type="checkbox"/>	POSTON
<input type="checkbox"/>	PRESS
<input type="checkbox"/>	B. RAINWATER
<input type="checkbox"/>	SCHLESINGER
<input type="checkbox"/>	SCHNEIDERS
<input type="checkbox"/>	SCHULTZE
<input type="checkbox"/>	SIEGEL
<input type="checkbox"/>	SMITH
<input type="checkbox"/>	STRAUSS
<input type="checkbox"/>	WELLS
<input type="checkbox"/>	VOORDE

THE WHITE HOUSE
WASHINGTON

*Jill meet
Brock - Try to
stay out of direct
involvement - Think
EIS should be
issued -
J*

April 9, 1977

THE PRESIDENT HAS SEEN.

MEMORANDUM TO: THE PRESIDENT
FROM: Jack Watson *JW*
RE: ENVIRONMENTAL IMPACT STATEMENT ON
NOISE IMPACT OF SST'S ("CONCORDE")

Attached is a memorandum from Brock Adams outlining two options with respect to the filing of a draft environmental impact statement on the Concorde. DOT is presently under a Court Order to file such a statement no later than April 15. Brock's own recommendation is that the EIS be filed in accordance with the Court Order, with an accompanying announcement by the Secretary that hearings will be held on the statement in mid-August.

Brock also recommends that you not involve yourself in further contacts with Governor Carey on the subject of Concorde landings in New York.

The following is a summary of other comments on Brock's memorandum:

BRZEZINSKI - Zbig favors seeking a delay in the Court Order so that no EIS statement has to be filed by April 15. He believes that failure to seek such a delay would be regarded by both Britain and France as "bad faith." Zbig joins with Stu in recommending that you call Governor Carey to urge him and the New York Port Authority to accept the latest compromise proposal outlined in Stu's memorandum to you dated April 8.

EISENSTAT - Stu recommends that you call Governor Carey to urge him to accept the compromise proposal on the Concorde landings (e.g., six-months' demonstration flights at Kennedy instead of twelve; one flight per day for each airline instead of two; and the avoidance of one runway).

CEQ - Gus Speth urges you to accept both of Brock's recommendations. According to Gus, a request for further delay of the EIS would result in increased court supervision of the matter and create even more legal uncertainties.

DOUG COSTLE - Doug urges that the EIS be filed by April 15 but questions the advisability of accompanying the filing with an announcement that hearings will not be held on the statement until mid-August. Doug points out that the public has been promised action on this subject since the FAA first issued an advanced notice for proposed rule-making for SST's in August 1970. The FAA held public hearings on EPA's SST rules in May 1975 and April 1976, and DOT held hearings in January 1976. Doug said that more public testimony has been generated on this subject than on any other aviation noise regulation, and that it would be a serious mistake for the Administration to postpone further a decision on publication of a final SST rule.

Doug recommends that at the time of the release of the EIS, DOT should give a specific commitment to promulgate a final SST rule by an early and specific date.

Doug strongly supports Brock's recommendation that you forego any further involvement with respect to the Concorde landing at JFK.

STATE - State favors a request for postponement of the filing date on the EIS. State agrees with Zbig that not to request such a postponement would be viewed by the British and French as a nullification of the "test period" which Secretary Coleman called for and which you said you supported.

I recommend that you not make a decision on either matter without talking to Brock first.

Respectfully,

A handwritten signature in cursive script, appearing to read "Jack". The signature is written in dark ink and is positioned below the word "Respectfully,".

Attachment



OFFICE OF THE SECRETARY OF TRANSPORTATION
WASHINGTON, D.C. 20590

1977 APR 7 PM 12 17
April 6, 1977

THE PRESIDENT

MEMORANDUM FOR THE PRESIDENT

THROUGH: JACK WATSON

SUBJECT: Required Court Filing by April 15 of Draft
Environmental Impact Statement on Noise Impact
of Supersonic Transports (Concorde) in Twelve
U.S. Cities

Bob Adams

The attached memorandum outlines the problem of whether or not the Department of Transportation must file by April 15 a draft Environmental Impact Statement pursuant to a court order obtained by the Environmental Defense Fund.

This requires White House involvement because of the international problems surrounding the Concorde landing rights in New York. I am not confident the court will grant an extension of the April 15 date for filing the statement. If the statement must be filed, then proper steps should be taken to explain the statement and why it was filed, both with the public media in the U.S. and with appropriate foreign officials.

*ok
J*

I believe a meeting with you, the appropriate people from the White House staff, the State Department, and the Department of Transportation would be the best manner of handling this situation, so that I will have the benefit of your guidance in whether to file the statement and, if it is filed, the manner in which you wish it released.

Attachment

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THE SECRETARY OF TRANSPORTATION
WASHINGTON, D.C. 20590

MEMORANDUM FOR THE PRESIDENT
The White House

SUBJECT: ACTION: DRAFT ENVIRONMENTAL IMPACT STATEMENT ON SST
NOISE RULES: RESPONSE TO NEW BRITISH-FRENCH
DATA ON CONCORDE NOISE LEVELS

The FAA is under order of the District Court to produce a draft Environmental Impact Statement (EIS) on an SST noise rule by April 15. The draft EIS deals with two notices of proposed rulemaking submitted to the FAA by EPA last year, as well as U.S. type certification. The EIS identifies a number of possible regulatory strategies for dealing with the noise impact of the Concorde and future design SST's. While publication of the draft EIS on April 15 is expected by the British and French, it has the potential of causing a number of difficulties which warrant your attention.

The EIS principally addresses two situations: the "worst case" alternative and the total ban alternative. "Worst case" here means unconstrained Concorde operations. If that were to be permitted, the FAA estimates that about twelve major gateway airports could support relatively high-cost SST service. Assuming a worldwide fleet of 30 to 40 Concorde's, the FAA forecasts for 1987 operations by supersonic aircraft at those airports and shows what the noise impacts would be in that year with and without Concorde service.

Although the draft EIS does not propose any specific action, the discussion of potential operation at various gateway cities is likely to draw an adverse reaction in those cities.

It is also possible that if the New York and New Jersey Port Authority does not reach a decision on Concorde at its April 14 meeting, it may choose to utilize the publication of the draft EIS as grounds for further delay. Additionally, publication could have an adverse effect on the Bermuda air negotiations if, as anticipated, there is a hostile response to the possibility of SST landings at the gateway cities.

On the other hand, at some point we will probably have to face those public reactions, and it might be best to do so in response to this court order.

There appear to be two options:

A) Comply with the present court order.

We would file the draft EIS and announce that we will hold a public hearing on it in mid-August, after information from the full year Dulles experiment is available. We will make it clear in the announcement that the EIS does not imply any specific DOT decision.

The announcement of a public hearing may tend to dissipate some of the heat generated by the "worst case" example presented in the EIS. We would be able to assert accurately that the EIS is in response to the court order and that there will be additional procedures to develop an appropriate noise rule.

B) Seek to modify court order.

We could ask the court for a continuance to permit us to file the draft EIS after we have analyzed the data from the twelve months of experimentation at Dulles. This option is risky because the court, not to mention the environmental plaintiffs, is distressed that the Government has dragged its heels on adopting an SST noise rule. Thus, by asking a continuance we may well exasperate the judge and wind up with a court-imposed timetable for promulgation of a final rule.

Recommendation: In my view, option A is the best course. Unquestionably it will create some public outcry over the possibility of admitting SST flights to more American cities. However, we are not going to be able to avoid publishing an EIS indefinitely; we might as well get it over with. Further, coupling the filing with an announcement of public hearing may alleviate some of the concerns.

Agree _____

Disagree _____

) What will report show?

NEW NOISE DATA ON CONCORDE

Registered foreign agents representing the French with regard to Concorde and technical experts from British Airways and British Aircraft Corporation have presented new Concorde noise data to the Department of Trans-

Page 3

portation: They have urged us to communicate with the White House as to the ability of Concorde to meet the Port Authority noise standards so that the White House might intervene in support of Concorde with Governor Carey and the Port Authority. Our preliminary review of the material submitted informally, which would include flying with eight tons less fuel, avoiding the use of certain runways, departure between 10:00 a.m. and 1:00 p.m., and maneuvering the aircraft away from the noise meters, appears technically reasonable to our noise experts. We are unable, however, to guarantee that the new procedure would in fact permit the Concorde to meet the JFK noise standard on each flight. Latest information indicates that the Port Authority Board will meet informally on Monday, April 11, to discuss whether to recommend a decision on SST entry into New York at the April 14 formal Port Authority meeting. They will be hoping for a signal from you, me, or Governor Carey before taking action to permit Concorde service at New York.

Recommendation: I recommend that we remain silent on this question, at least until a written request for PAA analysis has been received and the best technical advice is in. I further recommend that you not involve yourself in the rather narrow technical issues presently on the table.

Agree ☒ _____

Disagree ☐ _____


Brock Adams

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IMM.
PRECEDENCE

Unclass
CLASSIFICATION

FOR COMM CENTER USE ONLY

FROM: Jack Watson

TO: Tim Smith

INFO:

DEX _____

DAC Ø15

LDX _____

TTY _____

GPS _____

PAGES 6

CITE _____

DTG: Ø92233Z April 77

RELEASED BY: NE

TOR: Ø92253Z

SPECIAL INSTRUCTIONS:

To Calhoun, Ga.

17-17-1 USE

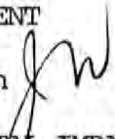
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THE WHITE HOUSE

WASHINGTON

April 9, 1977

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FROM: Jack Watson 
RE: ENVIRONMENTAL IMPACT STATEMENT ON
NOISE IMPACT OF SST's ("CONCORDE")

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Brock also recommends that you not involve yourself in further contacts with Governor Carey on the subject of Concorde landings in New York.

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OFFICE OF THE SECRETARY OF TRANSPORTATION
WASHINGTON, D.C. 20590

1977 APR 7 PM 12 17
April 6, 1977

MEMORANDUM FOR THE PRESIDENT

THROUGH: JACK WATSON

SUBJECT: Required Court Filing by April 15 of Draft
Environmental Impact Statement on Noise Impact
of Supersonic Transports (Concorde) in Twelve
U.S. Cities

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The attached memorandum outlines the problem of whether or not the Department of Transportation must file by April 15 a draft Environmental Impact Statement pursuant to a court order obtained by the Environmental Defense Fund.

This requires White House involvement because of the international problems surrounding the Concorde landing rights in New York. I am not confident the court will grant an extension of the April 15 date for filing the statement. If the statement must be filed, then proper steps should be taken to explain the statement and why it was filed, both with the public media in the U.S. and with appropriate foreign officials.

I believe a meeting with you, the appropriate people from the White House staff, the State Department, and the Department of Transportation would be the best manner of handling this situation, so that I will have the benefit of your guidance in whether to file the statement and, if it is filed, the manner in which you wish it released.

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WASHINGTON, D.C. 20590

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Recommendation: In my view, option A is the best course. Unquestionably it will create some public outcry over the possibility of admitting SST flights to more American cities. However, we are not going to be able to avoid publishing an EIS indefinitely; we might as well get it over with. Further, coupling the filing with an announcement of public hearing may alleviate some of the concerns.

Agree _____

Disagree _____

NEW NOISE DATA ON CONCORDE


Registered foreign agents representing the French with regard to Concorde and technical experts from British Airways and British Aircraft Corporation have presented new Concorde noise data to the Department of Trans-


portation. They have urged us to communicate with the White House as to the ability of Concorde to meet the Port Authority noise standards so that the White House might intervene in support of Concorde with Governor Carey and the Port Authority. Our preliminary review of the material submitted informally, which would include flying with eight tons less fuel, avoiding the use of certain runways, departure between 10:00 a.m. and 1:00 p.m., and maneuvering the aircraft away from the noise meters, appears technically reasonable to our noise experts. We are unable, however, to guarantee that the new procedure would in fact permit the Concorde to meet the JFK noise standard on each flight. Latest information indicates that the Port Authority Board will meet informally on Monday, April 11, to discuss whether to recommend a decision on SST entry into New York at the April 14 formal Port Authority meeting. They will be hoping for a signal from you, me, or Governor Carey before taking action to permit Concorde service at New York.

Recommendation: I recommend that we remain silent on this question, at least until a written request for FAA analysis has been received and the best technical advice is in. I further recommend that you not involve yourself in the rather narrow technical issues presently on the table.

Agree _____

Disagree _____


Brock Adams



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FORM OF DOCUMENT	CORRESPONDENTS OR TITLE	DATE	RESTRICTION
memo	From Stu Eizenstat and Zbigniew Brzezinski to the President Re: Concorde Landing at JFK Airport (2 pp.)	4/8/77	A

FILE LOCATION

Carter Presidential Papers- Staff Offices, Office of the Staff Sec.-Presidential Handwriting File 4/11/77 [3]

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THE WHITE HOUSE

WASHINGTON

April 8, 1977

CONFIDENTIAL

MEMORANDUM FOR:

THE PRESIDENT

FROM:

STU EIZENSTAT *Sh*
ZBIGNIEW BRZEZINSKI *DB*

SUBJECT:

Concorde Landing at JFK Airport

The Port of New York Authority has scheduled a meeting for next Thursday to deal with Concorde. Prior to that, it will reach its decision either at a private meeting on Monday, or at a breakfast with Governor Carey on Tuesday.

The lobbyist for the two foreign airlines has informally suggested to us a possible compromise, which he believes would be acceptable to the British and French. This would provide for: 6 months of demonstration flights at Kennedy Airport instead of 12 months; 1 flight per day for each airline instead of 2 flights for each; and the avoidance of one runway which points into the heart of Long Island. The information available to us indicates this possible compromise has not been discussed with anyone in New York, and we cannot predict their reaction.

A federal court order requires DOT to release its draft Environmental Impact Statement (EIS) concerning an SST noise rule by April 15. (The issues on compliance with the court order are covered in a separate memo from Secretary Adams). If the Kennedy Airport issue is not resolved by April 14, the Port Authority (or Carey) may use the publication of the draft EIS as grounds for further delay or rejection of Concorde. This would leave the airlines with the choice whether to proceed with court action, which they would probably lose. Thus it is probably now or never on any intervention from here.

DOT has also reviewed the airlines' technical data, and concluded tentatively that, with changes in flight arrangements, it "appears technically reasonable to our noise experts." However, Secretary Adams recommends that

DECLASSIFIED

Per: Rac Project

ESDN: NLC-126-7-3-1-0

BY: *[Signature]* DATE: 11/6/13

we not get into this technical issue now, and that you not involve yourself in it. You will be receiving a memo from the Secretary on this subject.

Prime Minister Callaghan and President Giscard emphasized again to Secretary Vance the importance of this issue, and Giscard pointed to likely retaliation against U.S. airlines if Concorde is turned down in New York. Many calls from the British and French have been received urging your intervention into this matter.

In addition, on April 7 the British formally linked the issue of Concorde landing rights to further progress in the bilateral air negotiations.

The negative political heat which your previous statement sparked is unlikely to increase because of another call to the Governor.

We recommend that you make another call to Governor Carey asking him:

- 1) to accept the proposal outlined above;
- 2) to present it to the Port Authority as an acceptable compromise; and
- 3) to urge the Port Authority to act expeditiously.

~~CONFIDENTIAL~~

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DOT has also reviewed the airlines' technical data, and concluded tentatively that, with changes in flight arrangements, it "appears technically reasonable to our noise experts." However, Secretary Adams recommends that

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Per: Rac Project

ESDN: NLC-26-7-31-0

BY: *Q* NARA DATE 11/6/3

~~CONFIDENTIAL~~

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Prime Minister Callaghan and President Giscard emphasized again to Secretary Vance the importance of this issue, and Giscard pointed to likely retaliation against U.S. airlines if Concorde is turned down in New York. Many calls from the British and French have been received urging your intervention into this matter.

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